



LIFE AND ACCIDENT AND HEALTH COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2009
OF THE CONDITION AND AFFAIRS OF THE

HealthSpring Life & Health Insurance Company, Inc.

| | | | | | |
|---------------------------------------|------------------------------------|-------------------|------------------------------------|----------------------|------------|
| NAIC Group Code | 3477 | NAIC Company Code | 12902 | Employer's ID Number | 20-8534298 |
| | (Current) | (Prior) | | | |
| Organized under the Laws of | Texas | | State of Domicile or Port of Entry | Texas | |
| Country of Domicile | United States of America | | | | |
| Incorporated/Organized | 02/27/2007 | | Commenced Business | 02/27/2007 | |
| Statutory Home Office | 2900 North Loop West, Suite 1300 | | Houston , TX 77092 | | |
| | (Street and Number) | | (City or Town, State and Zip Code) | | |
| Main Administrative Office | 601 Mainstream Dr. | | | | |
| | (Street and Number) | | | | |
| | Nashville , TN 37228 | | 615-291-7039 | | |
| | (City or Town, State and Zip Code) | | (Area Code) (Telephone Number) | | |
| Mail Address | 601 Mainstream Dr. | | Nashville , TN 37228 | | |
| | (Street and Number or P.O. Box) | | (City or Town, State and Zip Code) | | |
| Primary Location of Books and Records | 601 Mainstream Dr. | | | | |
| | (Street and Number) | | | | |
| | Nashville , TN 37228 | | 615-291-7039 | | |
| | (City or Town, State and Zip Code) | | (Area Code) (Telephone Number) | | |
| Internet Website Address | www.healthspring.com | | | | |
| Statutory Statement Contact | Tim Houston | | 615-565-8195 | | |
| | (Name) | | (Area Code) (Telephone Number) | | |
| | tim.houston@healthspring.com | | | | |
| | (E-mail Address) | | (FAX Number) | | |

OFFICERS

| | | | |
|---------------------------|-------------------------|----------------------------|----------------|
| President, Chairman & CEO | Michael G Mirt | Vice President & Secretary | Mark Tulloch |
| Chief Financial Officer | Franklin Stewart Warren | Vice President | Scott Jacobson |

OTHER

| | | |
|--|--|-------------------------------------|
| Jay Hurt Vice President | Dirk Wales MD Corporate Medical Director | Cleaster Ewing Compliance Officer |
| Rusty Hailey President - Pharmaceutical Operations | Brian McCullough Treasurer | Lankford Wade Senior Vice President |
| David Terry # Chief Actuary | | |

DIRECTORS OR TRUSTEES

| | | |
|------------------|------------------|---------------|
| Michael Mirt | M. Shawn Morris | Randy K. Fike |
| Scott C. Huebner | Robert L. Dawson | |

State of Tennessee SS:
County of Davidson

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

| | | |
|---|--|--|
| Michael G Mirt President, Chairman & CEO | Mark Tulloch Vice President & Secretary | Franklin Stewart Warren Chief Financial Officer |
| Subscribed and sworn to before me this _____ day of _____ | a. Is this an original filing? b. If no, 1. State the amendment number..... 2. Date filed 3. Number of pages attached..... | Yes [X] No [] |

ASSETS

| | Current Year | | | Prior Year |
|--|--------------|-------------------------|---|-----------------------------|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | 4 Net Admitted Assets |
| 1. Bonds (Schedule D) | 715,998 | | 715,998 | 0 |
| 2. Stocks (Schedule D): | | | | |
| 2.1 Preferred stocks | | | 0 | 0 |
| 2.2 Common stocks | | | 0 | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | | |
| 3.1 First liens | | | 0 | 0 |
| 3.2 Other than first liens | | | 0 | 0 |
| 4. Real estate (Schedule A): | | | | |
| 4.1 Properties occupied by the company (less \$ encumbrances) | | | 0 | 0 |
| 4.2 Properties held for the production of income (less \$ encumbrances) | | | 0 | 0 |
| 4.3 Properties held for sale (less \$ encumbrances) | | | 0 | 0 |
| 5. Cash (\$30,674,666 , Schedule E - Part 1), cash equivalents (\$14,131,159 , Schedule E - Part 2) and short-term investments (\$4,765,187 , Schedule DA) | 49,571,012 | | 49,571,012 | 7,475,474 |
| 6. Contract loans (including \$ premium notes) | | | 0 | 0 |
| 7. Other invested assets (Schedule BA) | | | 0 | 0 |
| 8. Receivables for securities | | | 0 | 203,246 |
| 9. Aggregate write-ins for invested assets | 0 | 0 | 0 | 0 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 50,287,010 | 0 | 50,287,010 | 7,678,720 |
| 11. Title plants less \$ charged off (for Title insurers only) | | | 0 | 0 |
| 12. Investment income due and accrued | 11,646 | | 11,646 | 14,851 |
| 13. Premiums and considerations: | | | | |
| 13.1 Uncollected premiums and agents' balances in the course of collection | 1,047,447 | | 1,047,447 | 0 |
| 13.2 Deferred premiums and agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums) | | | 0 | 0 |
| 13.3 Accrued retrospective premiums | 5,098 | | 5,098 | 0 |
| 14. Reinsurance: | | | | |
| 14.1 Amounts recoverable from reinsurers | | | 0 | 0 |
| 14.2 Funds held by or deposited with reinsured companies | | | 0 | 0 |
| 14.3 Other amounts receivable under reinsurance contracts | | | 0 | 0 |
| 15. Amounts receivable relating to uninsured plans | 37,443,922 | | 37,443,922 | 0 |
| 16.1 Current federal and foreign income tax recoverable and interest thereon | | | 0 | 0 |
| 16.2 Net deferred tax asset | 8,495,621 | 6,605,223 | 1,890,398 | 0 |
| 17. Guaranty funds receivable or on deposit | | | 0 | 0 |
| 18. Electronic data processing equipment and software | | | 0 | 0 |
| 19. Furniture and equipment, including health care delivery assets (\$) | | | 0 | 0 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 | 0 |
| 21. Receivables from parent, subsidiaries and affiliates | 0 | | 0 | 48,648 |
| 22. Health care (\$) and other amounts receivable | | | 0 | 0 |
| 23. Aggregate write-ins for other than invested assets | 0 | 0 | 0 | 0 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) | 97,290,744 | 6,605,223 | 90,685,521 | 7,742,219 |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 | 0 |
| 26. Total (Lines 24 and 25) | 97,290,744 | 6,605,223 | 90,685,521 | 7,742,219 |
| DETAILS OF WRITE-INS | | | | |
| 0901. | | | | |
| 0902. | | | | |
| 0903. | | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above) | 0 | 0 | 0 | 0 |
| 2301. | | | | |
| 2302. | | | | |
| 2303. | | | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) | 0 | 0 | 0 | 0 |

LIABILITIES, SURPLUS AND OTHER FUNDS

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Aggregate reserve for life contracts \$ (Exh. 5, Line 9999999) less \$ included in Line 6.3 (including \$ Modco Reserve) | 0 | 0 |
| 2. Aggregate reserve for accident and health contracts (Exhibit 6, Line 17, Col. 1) (including \$ Modco Reserve) | 36,437,699 | |
| 3. Liability for deposit-type contracts (Exhibit 7, Line 14, Col. 1) (including \$ Modco Reserve) | | 0 |
| 4. Contract claims: | | |
| 4.1 Life (Exhibit 8, Part 1, Line 4.4, Col. 1 less sum of Cols. 9, 10 and 11) | 0 | 0 |
| 4.2 Accident and health (Exhibit 8, Part 1, Line 4.4, sum of Cols. 9, 10 and 11) | 0 | 0 |
| 5. Policyholders' dividends \$ and coupons \$ due and unpaid (Exhibit 4, Line 10) | 0 | 0 |
| 6. Provision for policyholders' dividends and coupons payable in following calendar year - estimated amounts: | | |
| 6.1 Dividends apportioned for payment (including \$ Modco) | | |
| 6.2 Dividends not yet apportioned (including \$ Modco) | | |
| 6.3 Coupons and similar benefits (including \$ Modco) | | |
| 7. Amount provisionally held for deferred dividend policies not included in Line 6 | | |
| 8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$0 accident and health premiums (Exhibit 1, Part 1, Col. 1, sum of lines 4 and 14) | 0 | 0 |
| 9. Contract liabilities not included elsewhere: | | |
| 9.1 Surrender values on canceled contracts | | |
| 9.2 Provision for experience rating refunds, including \$ accident and health experience rating refunds | | |
| 9.3 Other amounts payable on reinsurance including \$ assumed and \$ ceded | 0 | 0 |
| 9.4 Interest maintenance reserve (IMR, Line 6) | 0 | 0 |
| 10. Commissions to agents due or accrued-life and annuity contracts \$ accident and health \$ and deposit-type contract funds \$ | | |
| 11. Commissions and expense allowances payable on reinsurance assumed | | |
| 12. General expenses due or accrued (Exhibit 2, Line 12, Col. 6) | 4,600 | |
| 13. Transfers to Separate Accounts due or accrued (net) (including \$ accrued for expense allowances recognized in reserves, net of reinsured allowances) | | |
| 14. Taxes, licenses and fees due or accrued, excluding federal income taxes (Exhibit 3, Line 9, Col. 5) | 22,515 | |
| 15.1 Current federal and foreign income taxes including \$ on realized capital gains (losses) | 345,834 | |
| 15.2 Net deferred tax liability | | |
| 16. Unearned investment income | | |
| 17. Amounts withheld or retained by company as agent or trustee | | |
| 18. Amounts held for agents' account, including \$ agents' credit balances | | |
| 19. Remittances and items not allocated | | |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | | |
| 21. Liability for benefits for employees and agents if not included above | | |
| 22. Borrowed money \$ and interest thereon \$ | | |
| 23. Dividends to stockholders declared and unpaid | | |
| 24. Miscellaneous liabilities: | | |
| 24.1 Asset valuation reserve (AVR, Line 16, Col. 7) | 0 | 0 |
| 24.2 Reinsurance in unauthorized companies | 0 | 0 |
| 24.3 Funds held under reinsurance treaties with unauthorized reinsurers | | |
| 24.4 Payable to parent, subsidiaries and affiliates | 8,412,752 | 0 |
| 24.5 Drafts outstanding | | |
| 24.6 Liability for amounts held under uninsured plans | 10,886,292 | |
| 24.7 Funds held under coinsurance | | |
| 24.8 Payable for securities | | |
| 24.9 Capital notes \$ and interest thereon \$ | | |
| 25. Aggregate write-ins for liabilities | 0 | 0 |
| 26. Total Liabilities excluding Separate Accounts business (Lines 1 to 25) | 56,109,692 | 0 |
| 27. From Separate Accounts Statement | | |
| 28. Total Liabilities (Lines 26 and 27) | 56,109,692 | 0 |
| 29. Common capital stock | 2,500,000 | 2,500,000 |
| 30. Preferred capital stock | | |
| 31. Aggregate write-ins for other than special surplus funds | 0 | 0 |
| 32. Surplus notes | 0 | |
| 33. Gross paid in and contributed surplus (Page 3, Line 33, Col. 2 plus Page 4, Line 51.1, Col. 1) | 12,498,721 | 5,010,000 |
| 34. Aggregate write-ins for special surplus funds | 0 | 0 |
| 35. Unassigned funds (surplus) | 19,577,108 | 232,219 |
| 36. Less treasury stock, at cost: | | |
| 36.1 shares common (value included in Line 29 \$) | | |
| 36.2 shares preferred (value included in Line 30 \$) | | |
| 37. Surplus (Total Lines 31+32+33+34+35-36) (including \$ in Separate Accounts Statement) | 32,075,829 | 5,242,219 |
| 38. Totals of Lines 29, 30 and 37 (Page 4, Line 55) | 34,575,829 | 7,742,219 |
| 39. Totals of Lines 28 and 38 (Page 2, Line 26, Col. 3) | 90,685,521 | 7,742,219 |
| DETAILS OF WRITE-INS | | |
| 2501. | | |
| 2502. | | |
| 2503. | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | 0 | 0 |
| 2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above) | 0 | 0 |
| 3101. | | |
| 3102. | | |
| 3103. | | |
| 3198. Summary of remaining write-ins for Line 31 from overflow page | 0 | 0 |
| 3199. Totals (Lines 3101 thru 3103 plus 3198)(Line 31 above) | 0 | 0 |
| 3401. | | |
| 3402. | | |
| 3403. | | |
| 3498. Summary of remaining write-ins for Line 34 from overflow page | 0 | 0 |
| 3499. Totals (Lines 3401 thru 3403 plus 3498)(Line 34 above) | 0 | 0 |

SUMMARY OF OPERATIONS

| | 1 Current Year | 2 Prior Year |
|---|-------------------|-----------------|
| 1. Premiums and annuity considerations for life and accident and health contracts (Exhibit 1, Part 1, Line 20.4, Col. 1, less Col. 11) | 138,200,985 | 0 |
| 2. Considerations for supplementary contracts with life contingencies | 0 | |
| 3. Net investment income (Exhibit of Net Investment Income, Line 17) | 83,504 | 186,229 |
| 4. Amortization of interest maintenance reserve (IMR, Line 5) | | 0 |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | 0 | |
| 6. Commissions and expense allowances on reinsurance ceded (Exhibit 1, Part 2, Line 26.1, Col. 1) | | |
| 7. Reserve adjustments on reinsurance ceded | 0 | |
| 8. Miscellaneous Income: | | |
| 8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts | 0 | |
| 8.2 Charges and fees for deposit-type contracts | 0 | |
| 8.3 Aggregate write-ins for miscellaneous income | 0 | 0 |
| 9. Total (Lines 1 to 8.3) | 138,284,489 | 186,229 |
| 10. Death benefits | 0 | |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | 0 | 0 |
| 12. Annuity benefits (Exhibit 8, Part 2, Line 6.4, Cols. 4 + 8) | 0 | 0 |
| 13. Disability benefits and benefits under accident and health contracts | 58,279,297 | 0 |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | 0 | |
| 15. Surrender benefits and withdrawals for life contracts | 0 | |
| 16. Group conversions | 0 | |
| 17. Interest and adjustments on contract or deposit-type contract funds | 0 | |
| 18. Payments on supplementary contracts with life contingencies | 0 | |
| 19. Increase in aggregate reserves for life and accident and health contracts | 36,437,699 | |
| 20. Totals (Lines 10 to 19) | 94,716,996 | 0 |
| 21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only) (Exhibit 1, Part 2, Line 31, Col. 1) | | |
| 22. Commissions and expense allowances on reinsurance assumed (Exhibit 1, Part 2, Line 26.2, Col. 1) | | |
| 23. General insurance expenses (Exhibit 2, Line 10, Cols. 1, 2, 3 and 4) | 14,732,237 | 0 |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes (Exhibit 3, Line 7, Cols. 1 + 2 + 3) | 132,430 | 0 |
| 25. Increase in loading on deferred and uncollected premiums | 0 | |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | 0 | |
| 27. Aggregate write-ins for deductions | 0 | 0 |
| 28. Totals (Lines 20 to 27) | 109,581,663 | 0 |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) | 28,702,826 | 186,229 |
| 30. Dividends to policyholders | 0 | 0 |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) | 28,702,826 | 186,229 |
| 32. Federal and foreign income taxes incurred (excluding tax on capital gains) | 11,248,335 | 40,867 |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 17,454,491 | 145,362 |
| 34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (excluding taxes of \$ transferred to the IMR) | | |
| 35. Net income (Line 33 plus Line 34) | 17,454,491 | 145,362 |
| CAPITAL AND SURPLUS ACCOUNT | | |
| 36. Capital and surplus, December 31, prior year (Page 3, Line 38, Col. 2) | 7,742,219 | 7,596,857 |
| 37. Net income (Line 35) | 17,454,491 | 145,362 |
| 38. Change in net unrealized capital gains (losses) less capital gains tax of \$ | | |
| 39. Change in net unrealized foreign exchange capital gain (loss) | | |
| 40. Change in net deferred income tax | 1,201,510 | |
| 41. Change in nonadmitted assets | (6,605,223) | 0 |
| 42. Change in liability for reinsurance in unauthorized companies | | |
| 43. Change in reserve on account of change in valuation basis, (increase) or decrease (Exh. 5A, Line 9999999, Col. 4) | 0 | 0 |
| 44. Change in asset valuation reserve | 0 | 0 |
| 45. Change in treasury stock (Page 3, Lines 36.1 and 36.2, Col. 2 minus Col. 1) | 0 | 0 |
| 46. Surplus (contributed to) withdrawn from Separate Accounts during period | | |
| 47. Other changes in surplus in Separate Accounts Statement | | |
| 48. Change in surplus notes | | |
| 49. Cumulative effect of changes in accounting principles | | |
| 50. Capital changes: | | |
| 50.1 Paid in | | |
| 50.2 Transferred from surplus (Stock Dividend) | | |
| 50.3 Transferred to surplus | | |
| 51. Surplus adjustment: | | |
| 51.1 Paid in | 7,488,721 | 0 |
| 51.2 Transferred to capital (Stock Dividend) | | |
| 51.3 Transferred from capital | | |
| 51.4 Change in surplus as a result of reinsurance | | |
| 52. Dividends to stockholders | | |
| 53. Aggregate write-ins for gains and losses in surplus | 7,294,111 | 0 |
| 54. Net change in capital and surplus for the year (Lines 37 through 53) | 26,833,610 | 145,362 |
| 55. Capital and surplus, December 31, current year (Lines 36 + 54) (Page 3, Line 38) | 34,575,829 | 7,742,219 |
| DETAILS OF WRITE-INS | | |
| 08.301. | | |
| 08.302. | | |
| 08.303. | | |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | 0 | 0 |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398)(Line 8.3 above) | 0 | 0 |
| 2701. | | |
| 2702. | | |
| 2703. | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 |
| 2799. Totals (Lines 2701 thru 2703 plus 2798)(Line 27 above) | 0 | 0 |
| 5301. Deferred Tax Asset related to novation | 7,294,111 | |
| 5302. | | |
| 5303. | | |
| 5398. Summary of remaining write-ins for Line 53 from overflow page | 0 | 0 |
| 5399. Totals (Lines 5301 thru 5303 plus 5398)(Line 53 above) | 7,294,111 | 0 |

CASH FLOW

| | 1 | 2 |
|---|--------------|------------|
| | Current Year | Prior Year |
| Cash from Operations | | |
| 1. Premiums collected net of reinsurance | 137,148,440 | 0 |
| 2. Net investment income | 98,883 | 171,755 |
| 3. Miscellaneous income | 0 | 0 |
| 4. Total (Lines 1 through 3) | 137,247,323 | 171,755 |
| 5. Benefit and loss related payments | 58,274,697 | 0 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | 0 | 0 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 41,399,782 | 0 |
| 8. Dividends paid to policyholders | 0 | 0 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses) | 18,196,612 | 91,346 |
| 10. Total (Lines 5 through 9) | 117,871,091 | 91,346 |
| 11. Net cash from operations (Line 4 minus Line 10) | 19,376,232 | 80,409 |
| Cash from Investments | | |
| 12. Proceeds from investments sold, matured or repaid: | | |
| 12.1 Bonds | 0 | 14,799,769 |
| 12.2 Stocks | 0 | 0 |
| 12.3 Mortgage loans | 0 | 0 |
| 12.4 Real estate | 0 | 0 |
| 12.5 Other invested assets | 0 | 0 |
| 12.6 Net gains or (losses) on cash, cash equivalents and short-term investments | 0 | 0 |
| 12.7 Miscellaneous proceeds | 203,246 | 0 |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 203,246 | 14,799,769 |
| 13. Cost of investments acquired (long-term only): | | |
| 13.1 Bonds | 728,172 | 11,000,000 |
| 13.2 Stocks | 0 | 0 |
| 13.3 Mortgage loans | 0 | 0 |
| 13.4 Real estate | 0 | 0 |
| 13.5 Other invested assets | 0 | 0 |
| 13.6 Miscellaneous applications | 0 | 0 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 728,172 | 11,000,000 |
| 14. Net increase (decrease) in contract loans and premium notes | 0 | 0 |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14) | (524,926) | 3,799,769 |
| Cash from Financing and Miscellaneous Sources | | |
| 16. Cash provided (applied): | | |
| 16.1 Surplus notes, capital notes | 0 | 0 |
| 16.2 Capital and paid in surplus, less treasury stock | 7,488,721 | 0 |
| 16.3 Borrowed funds | 0 | 0 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | 0 | 0 |
| 16.5 Dividends to stockholders | 0 | 0 |
| 16.6 Other cash provided (applied) | 15,755,511 | (394,420) |
| 17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6) | 23,244,232 | (394,420) |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 42,095,538 | 3,485,758 |
| 19. Cash, cash equivalents and short-term investments: | | |
| 19.1 Beginning of year | 7,475,474 | 3,989,716 |
| 19.2 End of year (Line 18 plus Line 19.1) | 49,571,012 | 7,475,474 |

Note: Supplemental disclosures of cash flow information for non-cash transactions:

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ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | Accident and Health | | | 12 Aggregate of All Other Lines of Business |
|--|-------------|----------------------|---------------------|---------------------------|------------------------------|---|-------------------------|----------------|---------------------|-------------------------------------|-------------|--|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance (a) | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other | |
| 1. Premiums and annuity considerations for life and accident and health contracts | 138,200,985 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 138,200,985 | |
| 2. Considerations for supplementary contracts with life contingencies | 0 | | | | | | | | | | | |
| 3. Net investment income | 83,504 | | | | | | | | | | 83,504 | |
| 4. Amortization of Interest Maintenance Reserve (IMR) | 0 | | | | | | | | | | | |
| 5. Separate Accounts net gain from operations excluding unrealized gains or losses | 0 | | | | | | | | | | | |
| 6. Commissions and expense allowances on reinsurance ceded | 0 | | | | | | | | | | | |
| 7. Reserve adjustments on reinsurance ceded | 0 | | | | | | | | | | | |
| 8. Miscellaneous Income: | | | | | | | | | | | | |
| 8.1 Fees associated with income from investment management, administration and contract guarantees from Separate Accounts | 0 | | | | | | | | | | | |
| 8.2 Charges and fees for deposit-type contracts | 0 | | | | | | | | | | | |
| 8.3 Aggregate write-ins for miscellaneous income | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. Totals (Lines 1 to 8.3) | 138,284,489 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 138,284,489 | 0 |
| 10. Death benefits | 0 | | | | | | | | | | | |
| 11. Matured endowments (excluding guaranteed annual pure endowments) | 0 | | | | | | | | | | | |
| 12. Annuity benefits | 0 | | | | | | | | | | | |
| 13. Disability benefits and benefits under accident and health contracts | 58,279,297 | | | | | | | | 0 | 0 | 58,279,297 | |
| 14. Coupons, guaranteed annual pure endowments and similar benefits | 0 | | | | | | | | | | | |
| 15. Surrender benefits and withdrawals for life contracts | 0 | | | | | | | | | | | |
| 16. Group conversions | 0 | | | | | | | | | | | |
| 17. Interest and adjustments on contract or deposit-type contract funds | 0 | | | | | | | | | | | |
| 18. Payments on supplementary contracts with life contingencies | 0 | | | | | | | | | | | |
| 19. Increase in aggregate reserves for life and accident and health contracts | 36,437,699 | | | | | | | | | | 36,437,699 | |
| 20. Totals (Lines 10 to 19) | 94,716,996 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 94,716,996 | 0 |
| 21. Commissions on premiums, annuity considerations and deposit-type contract funds (direct business only) | 0 | | | | | | | | | | | |
| 22. Commissions and expense allowances on reinsurance assumed | 0 | | | | | | | | | | | |
| 23. General insurance expenses | 14,732,237 | | | | | | | | 0 | 0 | 14,732,237 | |
| 24. Insurance taxes, licenses and fees, excluding federal income taxes | 132,430 | | | | | | | | | | 132,430 | |
| 25. Increase in loading on deferred and uncollected premiums | 0 | | | | | | | | | | | |
| 26. Net transfers to or (from) Separate Accounts net of reinsurance | 0 | | | | | | | | | | | |
| 27. Aggregate write-ins for deductions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 28. Totals (Lines 20 to 27) | 109,581,663 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 109,581,663 | 0 |
| 29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28) | 28,702,826 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,702,826 | 0 |
| 30. Dividends to policyholders | 0 | | | | | | | | | | 0 | |
| 31. Net gain from operations after dividends to policyholders and before federal income taxes (Line 29 minus Line 30) | 28,702,826 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,702,826 | 0 |
| 32. Federal income taxes incurred (excluding tax on capital gains) | 11,248,335 | | | | | | | | | | 11,248,335 | |
| 33. Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32) | 17,454,491 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 17,454,491 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | | | | |
| 08.301. | | | | | | | | | | | | |
| 08.302. | | | | | | | | | | | | |
| 08.303. | | | | | | | | | | | | |
| 08.398. Summary of remaining write-ins for Line 8.3 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 08.399. Totals (Lines 08.301 thru 08.303 plus 08.398) (Line 8.3 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2701. | | | | | | | | | | | | |
| 2702. | | | | | | | | | | | | |
| 2703. | | | | | | | | | | | | |
| 2798. Summary of remaining write-ins for Line 27 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Includes the following amounts for FEGLI/SGLI: Line 1 , Line 10 , Line 16 , Line 23 , Line 24

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

| | 1 Total | 2 Industrial Life | Ordinary | | | 6 Credit Life (Group and Individual) | Group | |
|--|------------|----------------------|---------------------|---------------------------|------------------------------|---|---------------------|----------------|
| | | | 3 Life Insurance | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance | 8 Annuities |
| Involving Life or Disability Contingencies (Reserves) | | | | | | | | |
| (Net of Reinsurance Ceded) | | | | | | | | |
| 1. Reserve December 31, prior year | | | | | | | | |
| 2. Tabular net premiums or considerations | | | | | | | | |
| 3. Present value of disability claims incurred | | | | | XXX | | | |
| 4. Tabular interest | | | | | | | | |
| 5. Tabular less actual reserve released | | | | | | | | |
| 6. Increase in reserve on account of change in valuation basis | | | | | | | | |
| 7. Other increases (net) | | | | | | | | |
| 8. Totals (Lines 1 to 7) | | | | | | | | |
| 9. Tabular cost | | | | | XXX | | | |
| 10. Reserves released by death | | | | XXX | XXX | | | XXX |
| 11. Reserves released by other terminations (net) | | | | | | | | |
| 12. Annuity, supplementary contract and disability payments involving life contingencies | | | | | | | | |
| 13. Net transfers to or (from) Separate Accounts | | | | | | | | |
| 14. Total Deductions (Lines 9 to 13) | | | | | | | | |
| 15. Reserve December 31, current year | | | | | | | | |

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

EXHIBIT OF NET INVESTMENT INCOME

| | | 1 | 2 |
|----------------------|---|-----------------------|--------------------|
| | | Collected During Year | Earned During Year |
| 1. | U.S. Government bonds | (a) 9,793 | 18,079 |
| 1.1 | Bonds exempt from U.S. tax | (a) | |
| 1.2 | Other bonds (unaffiliated) | (a) | |
| 1.3 | Bonds of affiliates | (a) | |
| 2.1 | Preferred stocks (unaffiliated) | (b) | |
| 2.11 | Preferred stocks of affiliates | (b) | |
| 2.2 | Common stocks (unaffiliated) | | |
| 2.21 | Common stocks of affiliates | | |
| 3. | Mortgage loans | (c) | |
| 4. | Real estate | (d) | |
| 5 | Contract loans | | |
| 6 | Cash, cash equivalents and short-term investments | (e) 20,458 | 65,425 |
| 7 | Derivative instruments | (f) | |
| 8. | Other invested assets | | |
| 9. | Aggregate write-ins for investment income | 0 | 0 |
| 10. | Total gross investment income | 30,251 | 83,504 |
| 11. | Investment expenses | | (g) 0 |
| 12. | Investment taxes, licenses and fees, excluding federal income taxes | | (g) 0 |
| 13. | Interest expense | | (h) |
| 14. | Depreciation on real estate and other invested assets | | (i) |
| 15. | Aggregate write-ins for deductions from investment income | | 0 |
| 16. | Total deductions (Lines 11 through 15) | | 0 |
| 17. | Net investment income (Line 10 minus Line 16) | | 83,504 |
| DETAILS OF WRITE-INS | | | |
| 0901. | ..... |  |  |
| 0902. | ..... |  |  |
| 0903. | ..... |  |  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) | 0 | 0 |
| 1501. | ..... |  |  |
| 1502. | ..... |  |  |
| 1503. | ..... |  |  |
| 1598. | Summary of remaining write-ins for Line 15 from overflow page | | 0 |
| 1599. | Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above) | | 0 |

- (a) Includes \$ (12,174) accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
- (c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
- (e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
- (f) Includes \$ accrual of discount less \$ amortization of premium.
- (g) Includes \$. investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ interest on surplus notes and \$ interest on capital notes.
- (i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

| | | 1 | 2 | 3 | 4 | 5 |
|----------------------|---|--|-------------------------------|--|--|---|
| | | Realized Gain (Loss) On Sales or Maturity | Other Realized Adjustments | Total Realized Capital Gain (Loss) (Columns 1 + 2) | Change in Unrealized Capital Gain (Loss) | Change in Unrealized Foreign Exchange Capital Gain (Loss) |
| 1. | U.S. Government bonds | | | | | |
| 1.1 | Bonds exempt from U.S. tax | | | | | |
| 1.2 | Other bonds (unaffiliated) | | | | | |
| 1.3 | Bonds of affiliates | | | | | |
| 2.1 | Preferred stocks (unaffiliated) | | | | | |
| 2.11 | Preferred stocks of affiliates | | | | | |
| 2.2 | Common stocks (unaffiliated) | | | | | |
| 2.21 | Common stocks of affiliates | | | | | |
| 3. | Mortgage loans | | | | | |
| 4. | Real estate | | | | | |
| 5. | Contract loans | | | | | |
| 6. | Cash, cash equivalents and short-term investments | | | | | |
| 7. | Derivative instruments | | | | | |
| 8. | Other invested assets | | | | | |
| 9. | Aggregate write-ins for capital gains (losses) | | | | | |
| 10. | Total capital gains (losses) | | | | | |
| DETAILS OF WRITE-INS | | | | | | |
| 0901. | ..... |  |  |  |  |  |
| 0902. | ..... |  |  |  |  |  |
| 0903. | ..... |  |  |  |  |  |
| 0998. | Summary of remaining write-ins for Line 9 from overflow page | | | | | |
| 0999. | Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above) | | | | | |

EXHIBIT - 1 PART 1 - PREMIUMS AND ANNUITY CONSIDERATIONS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

| | 1 | 2 | Ordinary | | 5 | Group | | Accident and Health | | | 11 |
|--|-------------|-----------------|----------------|----------------------|------------------------------------|----------------|-----------|---------------------|-------------------------------|-------------|--|
| | | | 3 | 4 | | 6 | 7 | 8 | 9 | 10 | |
| | Total | Industrial Life | Life Insurance | Individual Annuities | Credit Life (Group and Individual) | Life Insurance | Annuities | Group | Credit (Group and Individual) | Other | Aggregate of All Other Lines of Business |
| FIRST YEAR (other than single) | | | | | | | | | | | |
| 1. Uncollected | 1,052,545 | | | | | | | | | 1,052,545 | |
| 2. Deferred and accrued | 0 | | | | | | | | | | |
| 3. Deferred , accrued and uncollected: | | | | | | | | | | | |
| 3.1 Direct | 1,052,545 | | | | | | | | | 1,052,545 | |
| 3.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 3.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 3.4 Net (Line 1 + Line 2) | 1,052,545 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,052,545 | 0 |
| 4. Advance | 0 | | | | | | | | | | |
| 5. Line 3.4 - Line 4 | 1,052,545 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,052,545 | 0 |
| 6. Collected during year: | | | | | | | | | | | |
| 6.1 Direct | 137,148,440 | | | | | | | | | 137,148,440 | |
| 6.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 6.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 6.4 Net | 137,148,440 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 137,148,440 | 0 |
| 7. Line 5 + Line 6.4 | 138,200,985 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 138,200,985 | 0 |
| 8. Prior year (uncollected + deferred and accrued - advance) .. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9. First year premiums and considerations: | | | | | | | | | | | |
| 9.1 Direct | 138,200,985 | | | | | | | | | 138,200,985 | |
| 9.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 9.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 9.4 Net (Line 7 - Line 8) | 138,200,985 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 138,200,985 | 0 |
| SINGLE | | | | | | | | | | | |
| 10. Single premiums and considerations: | | | | | | | | | | | |
| 10.1 Direct | 0 | | | | | | | | | | |
| 10.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 10.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 10.4 Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| RENEWAL | | | | | | | | | | | |
| 11. Uncollected | 0 | | | | | | | | | | |
| 12. Deferred and accrued | 0 | | | | | | | | | | |
| 13. Deferred, accrued and uncollected: | | | | | | | | | | | |
| 13.1 Direct | 0 | | | | | | | | | | |
| 13.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 13.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 13.4 Net (Line 11 + Line 12) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Advance | 0 | | | | | | | | | | |
| 15. Line 13.4 - Line 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 16. Collected during year: | | | | | | | | | | | |
| 16.1 Direct | 0 | | | | | | | | | | |
| 16.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 16.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 16.4 Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 17. Line 15 + Line 16.4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 18. Prior year (uncollected + deferred and accrued - advance) .. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19. Renewal premiums and considerations: | | | | | | | | | | | |
| 19.1 Direct | 0 | | | | | | | | | | |
| 19.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 19.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 19.4 Net (Line 17 - Line 18) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | | | | | | | | | | | |
| 20. Total premiums and annuity considerations: | | | | | | | | | | | |
| 20.1 Direct | 138,200,985 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 138,200,985 | 0 |
| 20.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 20.4 Net (Lines 9.4 + 10.4 + 19.4) | 138,200,985 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 138,200,985 | 0 |

EXHIBIT - 1 PART 2 - DIVIDENDS AND COUPONS APPLIED, REINSURANCE COMMISSIONS
AND EXPENSE ALLOWANCES AND COMMISSIONS INCURRED (Direct Business Only)

| | 1 | 2 | Ordinary | | 5 | Group | | Accident and Health | | | 11 |
|--|-------|-----------------|----------------|----------------------|------------------------------------|----------------|-----------|---------------------|-------------------------------|-------|--|
| | | | 3 | 4 | | 6 | 7 | 8 | 9 | 10 | |
| | Total | Industrial Life | Life Insurance | Individual Annuities | Credit Life (Group and Individual) | Life Insurance | Annuities | Group | Credit (Group and Individual) | Other | Aggregate of All Other Lines of Business |
| DIVIDENDS AND COUPONS APPLIED (included in Part 1) | | | | | | | | | | | |
| 21. To pay renewal premiums | | | | | | | | | | | |
| 22. All other | | | | | | | | | | | |
| REINSURANCE COMMISSIONS AND EXPENSE ALLOWANCES INCURRED | | | | | | | | | | | |
| 23. First year (other than single): | | | | | | | | | | | |
| 23.1 Reinsurance ceded | | | | | | | | | | | |
| 23.2 Reinsurance assumed | | | | | | | | | | | |
| 23.3 Net ceded less assumed | | | | | | | | | | | |
| 24. Single: | | | | | | | | | | | |
| 24.1 Reinsurance ceded | | | | | | | | | | | |
| 24.2 Reinsurance assumed | | | | | | | | | | | |
| 24.3 Net ceded less assumed | | | | | | | | | | | |
| 25. Renewal: | | | | | | | | | | | |
| 25.1 Reinsurance ceded | | | | | | | | | | | |
| 25.2 Reinsurance assumed | | | | | | | | | | | |
| 25.3 Net ceded less assumed | | | | | | | | | | | |
| 26. Totals: | | | | | | | | | | | |
| 26.1 Reinsurance ceded (Page 6, Line 6) | | | | | | | | | | | |
| 26.2 Reinsurance assumed (Page 6, Line 22) | | | | | | | | | | | |
| 26.3 Net ceded less assumed | | | | | | | | | | | |
| COMMISSIONS INCURRED (direct business only) | | | | | | | | | | | |
| 27. First year (other than single) | | | | | | | | | | | |
| 28. Single | | | | | | | | | | | |
| 29. Renewal | | | | | | | | | | | |
| 30. Deposit-type contract funds | | | | | | | | | | | |
| 31. Totals (to agree with Page 6, Line 21) | | | | | | | | | | | |

NONE

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

EXHIBIT 2 - GENERAL EXPENSES

| | Insurance | | | | 5 | 6 |
|--|-----------|---------------------|------------|-----------------------------|------------|---------------------|
| | 1 | Accident and Health | | 4 | | |
| | | 2 | 3 | | | |
| | Life | Cost Containment | All Other | All Other Lines of Business | Investment | Total |
| 1. Rent | | | 280,487 | | | 280,487 |
| 2. Salaries and wages | | | 5,864,604 | | | 5,864,604 |
| 3.11 Contributions for benefit plans for employees | | | | | | 0 |
| 3.12 Contributions for benefit plans for agents | | | | | | 0 |
| 3.21 Payments to employees under non-funded benefit plans | | | | | | 0 |
| 3.22 Payments to agents under non-funded benefit plans | | | | | | 0 |
| 3.31 Other employee welfare | | | 770,210 | | | 770,210 |
| 3.32 Other agent welfare | | | | | | 0 |
| 4.1 Legal fees and expenses | | | | | | 0 |
| 4.2 Medical examination fees | | | | | | 0 |
| 4.3 Inspection report fees | | | | | | 0 |
| 4.4 Fees of public accountants and consulting actuaries | | | 4,064,469 | | | 4,064,469 |
| 4.5 Expense of investigation and settlement of policy claims | | | | | | 0 |
| 5.1 Traveling expenses | | | 63,084 | | | 63,084 |
| 5.2 Advertising | | | | | | 0 |
| 5.3 Postage, express, telegraph and telephone | | | 5,441 | | | 5,441 |
| 5.4 Printing and stationery | | | 2,132,729 | | | 2,132,729 |
| 5.5 Cost or depreciation of furniture and equipment | | | | | | 0 |
| 5.6 Rental of equipment | | | | | | 0 |
| 5.7 Cost or depreciation of EDP equipment and software | | | | | | 0 |
| 6.1 Books and periodicals | | | 23,078 | | | 23,078 |
| 6.2 Bureau and association fees | | | | | | 0 |
| 6.3 Insurance, except on real estate | | | | | | 0 |
| 6.4 Miscellaneous losses | | | | | | 0 |
| 6.5 Collection and bank service charges | | | 7,781 | | | 7,781 |
| 6.6 Sundry general expenses | | | 1,520,354 | | | 1,520,354 |
| 6.7 Group service and administration fees | | | | | | 0 |
| 6.8 Reimbursements by uninsured plans | | | | | | 0 |
| 7.1 Agency expense allowance | | | | | | 0 |
| 7.2 Agents' balances charged off (less \$ recovered) | | | | | | 0 |
| 7.3 Agency conferences other than local meetings | | | | | | 0 |
| 9.1 Real estate expenses | | | | | | 0 |
| 9.2 Investment expenses not included elsewhere | | | | | | 0 |
| 9.3 Aggregate write-ins for expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| 10. General expenses incurred | 0 | 0 | 14,732,237 | 0 | 0 | (a) .....14,732,237 |
| 11. General expenses unpaid December 31, prior year | | | | | | 0 |
| 12. General expenses unpaid December 31, current year | | | 4,600 | | | 4,600 |
| 13. Amounts receivable relating to uninsured plans, prior year | | | | | | 0 |
| 14. Amounts receivable relating to uninsured plans, current year | | | | | | 0 |
| 15. General expenses paid during year (Lines 10+11-12-13+14) | 0 | 0 | 14,727,637 | 0 | 0 | 14,727,637 |
| DETAILS OF WRITE-INS | | | | | | |
| 09.301. | | | | | | |
| 09.302. | | | | | | |
| 09.303. | | | | | | |
| 09.398. Summary of remaining write-ins for Line 9.3 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 |
| 09.399. Totals (Lines 09.301 thru 09.303 plus 09.398) (Line 9.3 above) | 0 | 0 | 0 | 0 | 0 | |

EXHIBIT 3 - TAXES, LICENSES AND FEES (EXCLUDING FEDERAL INCOME TAXES)

| | | Insurance | | | 4 | 5 |
|-----|---|-----------|---------------------|-----------------------------|------------|---------|
| | | 1 | 2 | 3 | | |
| | | Life | Accident and Health | All Other Lines of Business | Investment | Total |
| 1. | Real estate taxes | | | | | 0 |
| 2. | State insurance department licenses and fees | | 22,515 | | | 22,515 |
| 3. | State taxes on premiums | | | | | 0 |
| 4. | Other state taxes, including \$ | | | | | 0 |
| | for employee benefits | | 109,915 | | | 109,915 |
| 5. | U.S. Social Security taxes | | | | | 0 |
| 6. | All other taxes | | | | | 0 |
| 7. | Taxes, licenses and fees incurred | 0 | 132,430 | 0 | 0 | 132,430 |
| 8. | Taxes, licenses and fees unpaid December 31, prior year | | | | | 0 |
| 9. | Taxes, licenses and fees unpaid December 31, current year..... | | 22,515 | | | 22,515 |
| 10. | Taxes, licenses and fees paid during year (Lines 7 + 8 - 9) | 0 | 109,915 | 0 | 0 | 109,915 |

EXHIBIT 4 - DIVIDENDS OR REFUNDS

| | Insurance | |
|---|-----------|---------------------|
| | 1 | 2 |
| | Life | Accident and Health |
| 1. Applied to pay renewal premiums | | |
| 2. Applied to shorten the endowment or premium-paying period | | |
| 3. Applied to provide paid-up additions | | |
| 4. Applied to provide paid-up annuities | | |
| 5. Total Lines 1 through 4 | | |
| 6. Paid in cash | | |
| 7. Left on deposit | | |
| 8. Aggregate write-ins for dividend or refund options | | |
| 9. Total Lines 5 through 8 | | |
| 10. Amount due and unpaid | | |
| 11. Provision for dividends or refunds payable in the following calendar year | | |
| 12. Terminal dividends | | |
| 13. Provision for deferred dividend contracts | | |
| 14. Amount provisionally held for deferred dividend contracts not included in Line 13 | | |
| 15. Total Lines 10 through 14 | | |
| 16. Total from prior year | | |
| 17. Total dividends or refunds (Lines 9 + 15 - 16) | | |
| DETAILS OF WRITE-INS | | |
| 0801. | | |
| 0802. | | |
| 0803. | | |
| 0898. Summary of remaining write-ins for Line 8 from overflow page | | |
| 0899. Totals (Lines 0801 thru 0803 plus 0898) (Line 8 above) | | |

Exhibit 5 - Aggregate Reserve for Life Contracts

N O N E

EXHIBIT 5 - INTERROGATORIES

1.1

Has the reporting entity ever issued both participating and non-participating contracts?.....

Yes [] No [X]

1.2

If not, state which kind is issued.
None Issued

2.1

Does the reporting entity at present issue both participating and non-participating contracts?.....

Yes [] No [X]

2.2

If not, state which kind is issued.
None Issued

3.

Does the reporting entity at present issue or have in force contracts that contain non-guaranteed elements?.....

Yes [] No [X]

If so, attach a statement that contains the determination procedures, answers to the interrogatories and an actuarial opinion as described in the instructions.

4.

Has the reporting entity any assessment or stipulated premium contracts in force?.....

Yes [] No [X]

If so, state:
4.1 Amount of insurance?\$
4.2 Amount of reserve?\$
4.3 Basis of reserve:
.....
4.4 Basis of regular assessments:
.....
4.5 Basis of special assessments:
.....
4.6 Assessments collected during the year\$

5.

If the contract loan interest rate guaranteed in any one or more of its currently issued contracts is less than 5%, not in advance, state the contract loan rate guarantees on any such contracts.
.....

6.

Does the reporting entity hold reserves for any annuity contracts that are less than the reserves that would be held on a standard basis?

Yes [] No [X]

6.1 If so, state the amount of reserve on such contracts on the basis actually held:.....\$

6.2 That would have been held (on an exact or approximate basis) using the actual ages of the annuitants; the interest rate(s) used in 6.1; and the same mortality basis used by the reporting entity for the valuation of comparable annuity benefits issued to standard lives. If the reporting entity has no comparable annuity benefits for standard lives to be valued, the mortality basis shall be the table most recently approved by the state of domicile for valuing individual annuity benefits:\$

Attach statement of methods employed in their valuation.

7.

Does the reporting entity have any Synthetic GIC contracts or agreements in effect as of December 31 of the current year?

Yes [] No [X]

7.1 If yes, state the total dollar amount of assets covered by these contracts or agreements\$

7.2 Specify the basis (fair value, amortized cost, etc.) for determining the amount:
.....

7.3 State the amount of reserves established for this business:\$

7.4 Identify where the reserves are reported in the blank:
.....

EXHIBIT 5A - CHANGES IN BASES OF VALUATION DURING THE YEAR

| 1 Description of Valuation Class | Valuation Basis | | 4 Increase in Actuarial Reserve Due to Change |
|-------------------------------------|-------------------|-----------------|--|
| | 2 Changed From | 3 Changed To | |
| | | | |
| | | | |
| | | | |
| | | | |
| 9999999 - Total (Column 4, only) | | | |

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

EXHIBIT 6 - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

| | 1 Total | 2 Group Accident and Health | 3 Credit Accident and Health (Group and Individual) | 4 Collectively Renewable | Other Individual Contracts | | | | |
|---|----------------|---------------------------------------|--|------------------------------------|----------------------------|----------------------------------|---|------------------------------|--------------------|
| | | | | | 5 Non-Cancelable | 6 Guaranteed Renewable | 7 Non-Renewable for Stated Reasons Only | 8 Other Accident Only | 9 All Other |
| ACTIVE LIFE RESERVE | | | | | | | | | |
| 1. Unearned premium reserves | 0 | | | | | | | | |
| 2. Additional contract reserves (a) | 0 | | | | | | | | |
| 3. Additional actuarial reserves-Asset/Liability analysis | 0 | | | | | | | | |
| 4. Reserve for future contingent benefits | 0 | | | | | | | | |
| 5. Reserve for rate credits | 0 | | | | | | | | |
| 6. Aggregate write-ins for reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 7. Totals (Gross) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 8. Reinsurance ceded | 0 | | | | | | | | |
| 9. Totals (Net) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CLAIM RESERVE | | | | | | | | | |
| 10. Present value of amounts not yet due on claims | 36,437,699 | | | | | | | | 36,437,699 |
| 11. Additional actuarial reserves-Asset/Liability analysis | 0 | | | | | | | | |
| 12. Reserve for future contingent benefits | 0 | | | | | | | | |
| 13. Aggregate write-ins for reserves | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 14. Totals (Gross) | 36,437,699 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,437,699 |
| 15. Reinsurance ceded | 0 | | | | | | | | |
| 16. Totals (Net) | 36,437,699 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,437,699 |
| 17. TOTAL (Net) | 36,437,699 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,437,699 |
| 18. TABULAR FUND INTEREST | 0 | | | | | | | | |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 0601. | | | | | | | | | |
| 0602. | | | | | | | | | |
| 0603. | | | | | | | | | |
| 0698. Summary of remaining write-ins for Line 6 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0699. TOTALS (Lines 0601 thru 0603 plus 0698) (Line 6 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1301. | | | | | | | | | |
| 1302. | | | | | | | | | |
| 1303. | | | | | | | | | |
| 1398. Summary of remaining write-ins for Line 13 from overflow page | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1399. TOTALS (Lines 1301 thru 1303 plus 1398) (Line 13 above) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

(a) Attach statement as to valuation standard used in calculating this reserve, specifying reserve bases, interest rates and methods.

Exhibit 7 - Deposit-Type Contracts
N O N E

Exhibit 8 - Contract Claims - Part 1 - Liability End of Current Year
N O N E

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

EXHIBIT 8 - CLAIMS FOR LIFE AND ACCIDENT AND HEALTH CONTRACTS

PART 2 - Incurred During the Year

| | 1 Total | 2 Industrial Life (a) | Ordinary | | | 6 Credit Life (Group and Individual) | Group | | Accident and Health | | |
|--|----------------|---------------------------------|--------------------------------|-------------------------------|-------------------------------------|--|--------------------------------|--------------------|---------------------|--|-----------------|
| | | | 3 Life Insurance (b) | 4 Individual Annuities | 5 Supplementary Contracts | | 7 Life Insurance (c) | 8 Annuities | 9 Group | 10 Credit (Group and Individual) | 11 Other |
| 1. Settlements During the Year: | | | | | | | | | | | |
| 1.1 Direct | 58,279,297 | | | | | | | | | | 58,279,297 |
| 1.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 1.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 1.4 Net (d) | 58,279,297 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,279,297 |
| 2. Liability December 31, current year from Part 1: | | | | | | | | | | | |
| 2.1 Direct | 0 | | | | | | | | | | |
| 2.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 2.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 2.4 Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Amounts recoverable from reinsurers December 31, current year | 0 | | | | | | | | | | |
| 4. Liability December 31, prior year: | | | | | | | | | | | |
| 4.1 Direct | 0 | | | | | | | | | | |
| 4.2 Reinsurance assumed | 0 | | | | | | | | | | |
| 4.3 Reinsurance ceded | 0 | | | | | | | | | | |
| 4.4 Net | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5. Amounts recoverable from reinsurers December 31, prior year | 0 | | | | | | | | | | |
| 6. Incurred Benefits | | | | | | | | | | | |
| 6.1 Direct | 58,279,297 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,279,297 |
| 6.2 Reinsurance assumed | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.3 Reinsurance ceded | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 6.4 Net | 58,279,297 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 58,279,297 |

(a) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
\$ in Line 6.1, and \$ in Line 6.4.

(b) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
\$ in Line 6.1, and \$ in Line 6.4.

(c) Including matured endowments (but not guaranteed annual pure endowments) amounting to \$ in Line 1.1, \$ in Line 1.4.
\$ in Line 6.1, and \$ in Line 6.4.

(d) Includes \$ premiums waived under total and permanent disability benefits.

EXHIBIT OF NON-ADMITTED ASSETS

| | 1 | 2 | 3 |
|---|--|--|--|
| | Current Year Total Nonadmitted Assets | Prior Year Total Nonadmitted Assets | Change in Total Nonadmitted Assets (Col. 2 - Col. 1) |
| 1. Bonds (Schedule D) | | | 0 |
| 2. Stocks (Schedule D): | | | |
| 2.1 Preferred stocks | | | 0 |
| 2.2 Common stocks | | | 0 |
| 3. Mortgage loans on real estate (Schedule B): | | | |
| 3.1 First liens | | | 0 |
| 3.2 Other than first liens | | | 0 |
| 4. Real estate (Schedule A): | | | |
| 4.1 Properties occupied by the company | | | 0 |
| 4.2 Properties held for the production of income | | | 0 |
| 4.3 Properties held for sale | | | 0 |
| 5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA) | | | 0 |
| 6. Contract loans | | | 0 |
| 7. Other invested assets (Schedule BA) | | | 0 |
| 8. Receivables for securities | | | 0 |
| 9. Aggregate write-ins for invested assets | 0 | 0 | 0 |
| 10. Subtotals, cash and invested assets (Lines 1 to 9) | 0 | 0 | 0 |
| 11. Title plants (for Title insurers only) | | | 0 |
| 12. Investment income due and accrued | | | 0 |
| 13. Premiums and considerations: | | | |
| 13.1 Uncollected premiums and agents' balances in the course of collection | | | 0 |
| 13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due | | | 0 |
| 13.3 Accrued retrospective premiums | | | 0 |
| 14. Reinsurance: | | | |
| 14.1 Amounts recoverable from reinsurers | | | 0 |
| 14.2 Funds held by or deposited with reinsured companies | | | 0 |
| 14.3 Other amounts receivable under reinsurance contracts | | | 0 |
| 15. Amounts receivable relating to uninsured plans | | | 0 |
| 16.1 Current federal and foreign income tax recoverable and interest thereon | | 0 | 0 |
| 16.2 Net deferred tax asset | 6,605,223 | | (6,605,223) |
| 17. Guaranty funds receivable or on deposit | | | 0 |
| 18. Electronic data processing equipment and software | | | 0 |
| 19. Furniture and equipment, including health care delivery assets | | | 0 |
| 20. Net adjustment in assets and liabilities due to foreign exchange rates | | | 0 |
| 21. Receivables from parent, subsidiaries and affiliates | | 0 | 0 |
| 22. Health care and other amounts receivable | | | 0 |
| 23. Aggregate write-ins for other than invested assets | 0 | 0 | 0 |
| 24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23) | 6,605,223 | 0 | (6,605,223) |
| 25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | 0 |
| 26. Total (Lines 24 and 25) | 6,605,223 | 0 | (6,605,223) |
| DETAILS OF WRITE-INS | | | |
| 0901. | | | |
| 0902. | | | |
| 0903. | | | |
| 0998. Summary of remaining write-ins for Line 9 from overflow page | 0 | 0 | 0 |
| 0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above) | 0 | 0 | 0 |
| 2301. | | | |
| 2302. | | | |
| 2303. | | | |
| 2398. Summary of remaining write-ins for Line 23 from overflow page | 0 | 0 | 0 |
| 2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above) | 0 | 0 | 0 |

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Accounting Practices

The financial statements of HealthSpring Life & Health Insurance Company, Inc. (the "Company") are presented on the basis of accounting practices prescribed or permitted by the Texas Department of Insurance (the "Department"). The Department recognizes only statutory accounting practices ("SAP") prescribed or permitted by the state of Texas for determining and reporting the financial condition and results of operations of an insurance company, for determining solvency under Texas Insurance Law. The National Association of Insurance Commissioners' (the "NAIC") *Accounting Practices and Procedures Manual* has been adopted as a component of prescribed or permitted practices by the state of Texas.

b. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

c. Accounting Policies

The Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost.
- (3) Cash equivalents include all short-term, highly liquid investments which have original maturities of three months or less at acquisition.
- (4) Health premiums due and uncollected are recorded during the period the Company is obligated to provide services to members and do not bear interest. The allowance for doubtful accounts in the Company's best estimate of the amount of probable losses in the Company's existing health premiums due and unpaid and is based on past-due balances greater than 90 days.
- (5) Investment income is accrued as earned and legally due to be paid to the Company.
- (6) Pharmacy rebates receivable consist of reasonably estimable amounts, based upon utilization data and past history, and billed amounts to pharmaceutical companies. The income from pharmacy rebates are reported as a reduction of claims expense in the summary of operations. Generally, rebate amounts are paid on a quarterly basis thirty days after the end of each quarter.
- (7) Unpaid claims and claims adjustment expenses represent the Company's liability for services that have been performed by providers for members that have not been settled. These liabilities include medical claims reported to the Company, as well as an actuarially determined estimate of claims that have been incurred by not yet reported (IBNR) to the Company. IBNR is based upon the Company's historical claims data, current enrollment, health services utilization statistics and other related information. The Company develops its estimate of IBNR using standard actuarial development methodologies, including the completion factor method. This method estimates liabilities for claims based upon the historical lag between the month when services are rendered and the month claims are paid and takes into consideration factors such as expected medical cost inflation, seasonality patterns, product mix, and membership changes. The completion factor is a measure of how complete the claims paid to date are relative to the estimate of the total claims for services rendered for a given reporting period. Although the completion factors are generally reliable for older service periods, they are more volatile, and hence less reliable, for more recent periods, given that the typical billing lag for services can range from a

week to as much as 90 days from the date of service. As a result, for the most recent two to four months, the estimate for incurred claims is developed from a trend factor analysis based upon per member per month claims trends experienced in the preceding months. The determination of IBNR is complex and involves a significant amount of judgment. Changes in this estimate can materially affect, either favorably or unfavorably, the Company's statement of operation and financial position.

- (8) The Company accrues for medical incentive pools and provider bonuses based upon contractual terms and the most recent claims data available.
- (9) During 2009, the Company was a plan sponsor offering Medicare Part D prescription drug insurance coverage under a contract with the Centers for Medicare & Medicaid Services ("CMS"). The CMS Premium, the Member Premium, and the Low-Income Premium Subsidy represent payments for the Company's insurance risk coverage under the Medicare Part D program and therefore are recorded as premium revenues in operations. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. Subsidies from CMS represent cost reimbursements under the Medicare Part D program. Amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as deposits, with the related asset or liability recorded as *Amounts Receivable for Uninsured Plans or Liability for Amounts Held under Uninsured Plans* in the balance sheet. Pharmacy benefit costs and administrative costs under the contract are expensed as incurred. As discussed below, the Company received through an asset transfer and novation agreement its stand alone Part D membership along with the related Assets and Liabilities of the PDP line of business from one of its affiliates.
- (10) The Company's results of operations are included in the federal consolidated tax return of HealthSpring, Inc. Income taxes are accounted for under the asset and liability method. Deferred income taxes are recognized, subject to statutory limitations, for temporary differences between the financial reporting basis and the income tax basis of assets and liabilities based on enacted tax laws and statutory tax rates applicable to the periods in which the temporary differences are expected to reverse. Gross deferred tax assets are first reduced by a statutory valuation allowance adjustment if, based on the weight of available evidence, it is more likely than not that some portion or all gross deferred tax assets will not realized.

Generally, adjusted deferred tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse by the end of the subsequent calendar year, plus 2) the lesser of the remaining gross deferred tax assets expected to be realized within one year of the balance sheet date or 10% of capital and surplus excluding any net deferred tax assets, EDP equipment and operating software and any net positive goodwill, plus 3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities. The remaining deferred tax assets are non-admitted.

The Company is subject to risk-based capital requirements and satisfies the risk-based capital thresholds for electing to admit a higher amount of adjusted gross deferred tax assets. Consequently, adjusted deferred tax assets are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a timeframe corresponding with IRS tax loss carryback provisions, not to exceed three years, plus 2) the lesser of the remaining gross deferred tax assets expected to be realized within three years of the balance sheet date or 15% of capital and surplus excluding any net deferred tax assets, EDP equipment and operating software and any net positive goodwill, plus 3) the amount of remaining gross deferred tax assets that can be offset against existing gross deferred tax liabilities after considering character.

- (11) The Company does not utilize anticipated investment income as a factor in the premium deficiency calculation.
- (12) The Company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

a. Mortgage Loans

None

b. Debt Restructuring

None

c. Reverse Mortgages

None

d. Loan-Backed Securities

None

e. Repurchase Agreements

None

f. Real Estate

None

g. Investments in Low Income Housing Tax Credits

None

6. Joint Ventures, Partnerships and Limited Liability Companies

None

7. Investment Income

At December 31, 2009 the Company did not have any accrued investment income that was over 90 days past due.

8. Derivative Instruments

None

9. Income Taxes

The Company adopted SSAP 10R effective 12/31/09. The 12/31/09 balances and related disclosures are calculated and presented pursuant to SSAP 10R. The 12/31/08 balances and related disclosures are calculated and presented pursuant to SSAP 10 prior to its modification by SSAP 10R.

A. The net deferred tax asset/(liability) at December 31 and the change from the prior year are comprised of the following components:

| | Ordinary | 12/31/09 Capital | Total | 12/31/08 Total | Change |
|--|-------------|---------------------|-------------|-------------------|-------------|
| (1) Total gross deferred tax assets | 8,495,621 | 0 | 8,495,621 | 0 | 8,495,621 |
| Valuation Allowance Adjustment | 0 | 0 | 0 | (a) | 0 |
| Adjusted gross deferred tax assets | 8,495,621 | 0 | 8,495,621 | 0 | 8,495,621 |
| (2) Total gross deferred tax liabilities | 0 | 0 | 0 | 0 | 0 |
| (3) Net deferred tax assets /(liabilities) | 8,495,621 | 0 | 8,495,621 | 0 | 8,495,621 |
| (4) Total Deferred tax assets nonadmitted | (6,605,223) | 0 | (6,605,223) | 0 | (6,605,223) |
| (5) Net admitted deferred tax assets / (liabilities) | 1,890,398 | 0 | 1,890,398 | 0 | 1,890,398 |
| (6) Net Change in total DTAs nonadmitted | (6,605,223) | | | | |

(a) - Statutory valuation allowance was implemented as part of the adoption of SSAP 10R effective as of 12/31/09.

The Company believes based on the weight of available evidence that the gross deferred tax assets will be realized and statutory valuation allowance is not warranted.

(7) The Company has elected to admit deferred tax assets pursuant to paragraph 10.e. for the current reporting period. The current-period election differs from the prior reporting period.

(8) The amount of admitted adjusted gross deferred tax assets admitted under each component of SSAP 10R:

| | Ordinary | 12/31/09 Capital | Total | 12/31/08 Total | Change |
|---|-----------|---------------------|-----------|-------------------|-----------|
| Admitted under paragraph 10.a. | 1,890,398 | 0 | 1,890,398 | 0 | 1,890,398 |
| Admitted under paragraph 10.b. | 0 | 0 | 0 | 0 | 0 |
| Admitted under paragraph 10.c. | 0 | 0 | 0 | 0 | 0 |
| Total admitted from the application of paragraph 10.a - 10.c. | 1,890,398 | 0 | 1,890,398 | 0 | 1,890,398 |
| Admitted under paragraph 10.e.i. | 0 | 0 | 0 | (b) | 0 |
| Admitted under paragraph 10.e.ii. | 0 | 0 | 0 | (b) | 0 |
| Admitted under paragraph 10.e.iii. | 0 | 0 | 0 | (b) | 0 |
| Total admitted from the application of paragraph 10.e. | 0 | 0 | 0 | 0 | 0 |
| Total admitted adjusted gross deferred tax assets | 1,890,398 | 0 | 1,890,398 | 0 | 1,890,398 |

The Company's risk-based capital level used for purposes of paragraph 10.d. is based on authorized control level risk-based capital of \$7,288,693 and total adjusted capital of \$34,575,829. As a result the Company is not subject to the risk-based capital requirements, and not eligible to make the election of paragraph 10e.

(b) - Admittance testing under paragraph 10e was implemented as part of the adoption of SSAP 10R effective 12/31/09.

(9) The increased amount by tax character, and the change in such, of admitting adjusted gross DTAs as the result of the application of paragraph 10e:

| | Ordinary | Capital | Total | Change |
|----------------------------------|----------|---------|-------|--------|
| Increased amount of admitted DTA | 0 | 0 | 0 | 0 |

(10) The amount of admitted DTAs, admitted assets, statutory surplus and total adjusted capital in the risk-based capital calculation and the increased amount of DTAs, admitted assets and surplus as the result of the application of paragraph 10e:

| | After Application of 10 a, b, c | Increase After Application of 10e |
|------------------------|------------------------------------|---|
| Admitted DTAs | 1,890,398 | 0 |
| Admitted assets | 0 | 0 |
| Statutory surplus | 0 | 0 |
| Total adjusted capital | 1,890,398 | |

(11) The change in deferred income taxes reported in surplus before consideration of nonadmitted assets is comprised of the following components:

| | 12/31/09 | 12/31/08 | Change |
|---|-----------|----------|-------------|
| Net adjusted deferred tax asset (liability) | 8,495,621 | 0 | 8,495,621 |
| Tax-effect of unrealized gain related to 311(b) transaction | 7,294,111 | 0 | 7,294,111 |
| Net tax effect without unrealized gains and losses | 1,201,510 | 0 | 1,201,510 |
| Change in deferred income tax | | | (1,201,510) |

B. Unrecognized deferred tax liabilities and benefits

(1) The Company accounts for tax contingencies as prescribed in SSAP No.5, "Liabilities, Contingencies and Impairments of Assets" as well as, the adopted portions of Financial Accounting Standards Board (FASB) Statement No. 5, *Accounting for Contingencies*.

(2) As of December 31, 2009 and 2008, no provision for tax contingencies was required.

C. Current income taxes incurred consist of the following major components:

| | 12/31/09 | 12/31/08 |
|---|------------|----------|
| Current year tax expense (benefit) | 11,248,335 | 40,867 |
| Investment tax credits | 0 | 0 |
| Benefits of operating loss carry forwards | 0 | 0 |
| Prior year adjustments | 0 | 0 |
| Current income taxes incurred | 11,248,335 | 40,867 |

Deferred income tax assets and liabilities consist of the following major components:

| | 12/31/09 | 12/31/08 | Change |
|---|-------------|----------|-------------|
| Deferred tax assets: | | | |
| Amortization of an intangible | 7,091,497 | 0 | 7,091,497 |
| Unpaid losses and policy liabilities, due to timing of deductions | 248,640 | 0 | 248,640 |
| Allowance for doubtful accounts | 1,155,484 | 0 | 1,155,484 |
| Other | 0 | 0 | 0 |
| Total gross deferred tax assets | 8,495,621 | 0 | 8,495,621 |
| Valuation Allowance Adjustment | 0 | 0 | 0 |
| Total adjusted gross deferred tax assets | 8,495,621 | 0 | 8,495,621 |
| Nonadmitted deferred tax assets | (6,605,223) | 0 | (6,605,223) |
| Admitted deferred tax assets | 1,890,398 | 0 | 1,890,398 |
| Deferred tax liabilities: | | | |
| Investments | 0 | 0 | 0 |
| Unrealized <Gains> Losses | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Total deferred tax liabilities | 0 | 0 | 0 |
| Net admitted deferred tax asset (liability) | 1,890,398 | 0 | 1,890,398 |

The Company did not incur valuation allowance adjustments to gross deferred tax assets for the years ended December 31, 2009 and 2008, respectively.

D. The Company's income tax incurred and change in deferred income tax differs from the amount obtained by applying the federal statutory rate of 35% to income before income taxes as follows:

| | 12/31/09 | 12/31/08 |
|---|-------------|----------|
| Current income taxes incurred | 11,248,335 | 40,867 |
| Change in deferred income tax (without tax on unrealized gain related to 311(b) transaction) | (1,201,510) | 0 |
| Total income tax reported | 10,046,825 | 40,867 |
| Income before taxes | 28,702,826 | 186,230 |
| Expected income tax expense (benefit) at 35% statutory rate | 10,045,989 | 65,181 |
| Increase (decrease) in actual tax reported resulting from: | | |
| a. Dividends received deduction | 0 | 0 |
| b. Nondeductible expenses for meals, penalties, and lobbying | 836 | 0 |
| c. Tax-exempt income | 0 | (24,314) |
| d. Change in deferred taxes on nonadmitted assets | 0 | 0 |
| e. Change in valuation allowance adjustment | 0 | 0 |
| f. Other | 0 | 0 |
| Total income tax reported | 10,046,825 | 40,867 |

E. Operating loss carryforward

- (1) As of December 31, 2009, there are no net operating loss carryforwards available for tax purposes.
- (2) The amount of Federal income taxes incurred that are available for recoupment in the event of future net losses are:

| | | |
|------|----|------------|
| 2009 | \$ | 11,248,335 |
| 2008 | \$ | 40,867 |
| 2007 | \$ | 46,769 |

F. Consolidated federal income tax return

- (1) The Company's federal income tax return is consolidated with:

- HealthSpring, Inc. (Parent)
- NewQuest, LLC (1)
- HealthSpring Management, Inc.
- HealthSpring Employer Services, Inc.
- HealthSpring Alliance, Inc.
- HealthSpring USA, LLC (1)
- NewQuest Management of Alabama, LLC (1)
- NewQuest Management of Illinois, LLC (1)
- GulfQuest, LP (1)
- HealthSpring of Tennessee, Inc.
- HealthSpring of Alabama, Inc.
- Texas HealthSpring, LLC
- HealthSpring of Florida, Inc. (d/b/a Leon Medical Center Health Plans, Inc.)
- NewQuest Management of Florida, LLC (1)
- HealthSpring Management of America, LLC (1)
- Tennessee Quest, LLC (2)
- HealthSpring Pharmacy Services, LLC (1)
- HealthSpring Pharmacy of Tennessee, LLC (3)

- (1) Treated as a division of HealthSpring, Inc. for federal tax purposes
- (2) Treated as a division of HealthSpring Management, Inc. for federal tax purposes
- (3) Treated as a division of HealthSpring Pharmacy Services, LLC for federal tax purposes

- (2) The method of tax allocation among the regulated companies and HealthSpring, Inc. is subject to a written agreement, approved by the Board of Directors, whereby an allocation is made primarily on a separate return basis with current credit for net operating losses or other items utilized in the consolidated tax return. Intercompany balances are settled periodically, usually monthly, or when deemed necessary. At December 31, 2009 and 2008, amounts due to / (due from) HealthSpring, Inc. per the tax sharing arrangement were \$345,834 and (\$19,438) respectively.

10. Information Concerning Parent, Subsidiaries and Affiliates

Effective August 1, 2009, the Company received, through an asset transfer and novation agreement, stand alone Prescription Drug Plan (PDP) membership along with the related Assets and Liabilities of the PDP line of business from one of its affiliates, HealthSpring of Tennessee, Inc (HSTN). Prior to the effective date, the Company and its affiliate obtained approvals or acknowledgements as appropriate for this novation from the Centers for Medicare and Medicaid Services (CMS) and each domicile state. As the Assets received exceeded the Liabilities received from HSTN, the Company recorded a Capital Contribution of \$4,988,721 in Quarter 3, 2009 as a result of this transaction.

11. Debt

None

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Compensated Absences and Other Postretirement Benefit Plans

None

13. Capital and Surplus, Shareholders' Dividend Restriction and Quasi-Reorganizations

- a. The Company has 2,500,000 shares authorized, 2,500,000 shares issued and outstanding of \$1 par value Common Stock, owned entirely by NewQuest, LLC.
- b. The Company has no preferred stock outstanding.
- c. The payment of dividends by the Company to shareholders is limited and can only be made from earned profits unless prior approval is received from the Department. The maximum amount of dividends that may be paid by insurance companies without prior approval is also subject to restrictions relating to statutory surplus and net income. In 2009, the Company did not pay any dividends.

14. Contingencies

In the normal course of business, the Company may become subject to lawsuits and other claims and proceedings. Such matters are subject to uncertainty and outcomes are not predictable with assurance. Management is not aware of any pending or threatened lawsuits or proceedings which could have a material adverse impact on the Company's financial position, liquidity or results of operations.

15. Leases

None

16. Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

None

17c. Wash Sales

None

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

N/A

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

N/A

20. Other Items

a. Extraordinary Items

None

b. Troubled Debt Restructuring: Debtors

None

c. Other Disclosures

None

d. Uncollectible Amounts for Assets Covered by SSAP No. 6 and No. 47.

None

e. Business Interruption Insurance Recoveries

None

f. State Transferable Tax Credits

None

g. Hybrid Securities

None

h. Subprime Mortgage Related Risk Exposure

None

21. Events Subsequent

None

22. Reinsurance

a. General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee or director of the Company?

Yes () No (X)

(2) Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes () No (X)

- (3) Does the Company have any reinsurance contracts in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- (4) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

- (5) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0

- (6) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

Yes () No (X)

b. Uncollectible Reinsurance

None

c. Commutation of Ceded Reinsurance

None

23. Retrospectively Rated Contracts and Contracts Subject to Redetermination

None

24. Change in Incurred Claims Adjustment Expenses

None

25. Intercompany Pooling Arrangements

None

26. Structured Settlements

None

27. Health Care Receivables

A. Pharmaceutical Rebate Receivables

| Quarter Ended | Estimated Pharmacy Rebates as Reported on Financial Statements | Pharmacy Rebates as Billed | Actual Rebates Received Within 90 Days of Billing | Actual Rebates Received Within 91 to 180 Days of Billing | Actual Rebates Received Within More Than 180 Days of Billing |
|---------------|--|-------------------------------|---|--|--|
| 12/31/2009 | 24,403,954 | 21,566,158 | 25,501 | - | - |
| 9/30/2009 | 23,097,224 | 20,486,621 | 17,623,324 | - | - |
| 6/30/2009* | 26,483,030 | 19,255,899 | 16,848,151 | 2,407,747 | - |
| 3/31/2009* | 21,299,143 | 17,101,909 | 10,683,243 | 6,418,666 | - |
| 12/31/2008* | 19,870,564 | 16,045,956 | 12,492,716 | 3,553,239 | - |
| 9/30/2008* | 21,264,451 | 15,002,429 | 10,861,078 | 3,924,965 | 216,387 |
| 6/30/2008* | 22,062,405 | 14,537,245 | 7,110,395 | 6,878,540 | 548,309 |
| 3/31/2008* | 12,248,645 | 13,608,696 | 4,890,861 | 8,292,781 | 425,053 |
| 12/31/2007* | 8,166,582 | 7,072,845 | 5,965,087 | 1,107,758 | - |
| 9/30/2007* | 12,016,623 | 7,312,394 | 5,264,388 | 2,048,006 | - |
| 6/30/2007* | 8,795,293 | 4,758,536 | 178,100 | 4,447,675 | 132,761 |
| 3/31/2007* | 5,329,350 | 5,505,158 | 1,538,981 | 2,785,172 | 1,181,005 |
| | | 162,253,847 | 93,481,826 | 41,864,551 | 2,503,515 |

*Due to the asset transfer and novation agreement dated 8/1/2009, the rebate receivable reflected prior to this date has been reported on HealthSpring of Tennessee, Inc.

28. Participating Policies

None

29. Premium Deficiency Reserves

None

30. Reserve for Life Contracts and Annuity Contracts

None

31. Analysis of Annuity Actuarial Reserves and Deposit Type Liabilities by Withdrawal Characteristics.

None

32. Premium and Annuity Considerations Deferred and Uncollected

None

33. Separate Accounts

None

34. Loss/Claim Adjustment Expense

None

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [] No [X]

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [] No [] N/A []

1.3

State Regulating?

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]

2.2

If yes, date of change:

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2007

3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2007

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

08/14/2008

3.4

By what department or departments?
Texas Department of insurance

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [X] No [] N/A []

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business?
4.12 renewals?

Yes [] No [X]
Yes [] No [X]

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business?
4.22 renewals?

Yes [] No [X]
Yes [] No [X]

5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]

5.2

If yes, provide name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

| | | |
|---------------------|------------------------|------------------------|
| 1 Name of Entity | 2 NAIC Company Code | 3 State of Domicile |
| | | |

6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]

6.2

If yes, give full information:

7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]

7.2

If yes,
7.21 State the percentage of foreign control;
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

| | |
|------------------|---------------------|
| 1 Nationality | 2 Type of Entity |
| | |

%

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|----------------|------------------------|-----|-----|-----|------|-----|
| Affiliate Name | Location (City, State) | FRB | OCC | OTS | FDIC | SEC |
| | | | | | | |

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

KPMG
511 Union St., Ste. 1900
Nashville, TN 37219
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

David Terry
Chief Actuary HS L&H
9009 Carothers Pkwy., Ste 501
Franklin, TN 37067
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If, yes provide explanation:
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [X] No []
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] N/A [X]
- 13.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []

(a)

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b)

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c)

Compliance with applicable governmental laws, rules and regulations;

(d)

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e)

Accountability for adherence to the code.
- 13.11

If the response to 13.1 is No, please explain:
- 13.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 13.21

If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 13.31

If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
15.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
16.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person?

Yes [X] No []

GENERAL INTERROGATORIES

FINANCIAL

17.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]

18.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

18.12 To stockholders not officers

18.13 Trustees, supreme or grand (Fraternal Only)

18.21 To directors or other officers

18.22 To stockholders not officers

18.23 Trustees, supreme or grand (Fraternal Only)

\$

\$

\$

\$

\$

\$

0

0

0

0

0

0

18.2

Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

18.22 To stockholders not officers

18.23 Trustees, supreme or grand (Fraternal Only)

\$

\$

\$

0

0

0

19.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes [] No [X]

19.2

If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

19.22 Borrowed from others

19.23 Leased from others

19.24 Other

\$

\$

\$

\$

20.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]

20.2

If answer is yes,

20.21 Amount paid as losses or risk adjustment

20.22 Amount paid as expenses

20.23 Other amounts paid

\$

\$

\$

21.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [X] No []

21.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ 0

INVESTMENT

22.1

Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 22.3)

Yes [X] No []

22.2

If no, give full and complete information relating thereto:

22.3

For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 16 where this information is also provided)

22.4

Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes [X] No [] N/A []

22.5

If answer to 22.4 is YES, report amount of collateral.

\$ 0

22.6

If answer to 22.4 is NO, report amount of collateral.

\$

23.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1 and 22.3).

Yes [] No [X]

23.2

If yes, state the amount thereof at December 31 of the current year:

23.21 Subject to repurchase agreements

23.22 Subject to reverse repurchase agreements

23.23 Subject to dollar repurchase agreements

23.24 Subject to reverse dollar repurchase agreements

23.25 Pledged as collateral

23.26 Placed under option agreements

23.27 Letter stock or other securities restricted as to sale

23.28 On deposit with state or other regulatory body

23.29 Other

\$

\$

\$

\$

\$

\$

\$

\$

\$

23.3

For category (23.27) provide the following:

| 1 | 2 | 3 |
|-----------------------|-------------|--------|
| Nature of Restriction | Description | Amount |
| | | |

24.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

24.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [] No [] N/A [X]

25.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

25.2

If yes, state the amount thereof at December 31 of the current year.

\$

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

GENERAL INTERROGATORIES

26. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, F - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

| 1 Name of Custodian(s) | 2 Custodian's Address |
|---------------------------------------|--|
| Banc of America Securities, LLC | 200 N. College Street, 3rd Floor Charlotte, NC 28255 |
| USbank NA | Wachovia Building One West Fourth Street 7th Floor Winston-Salem, NC 27101 |
| Citibank NA | 111 Wall Street New York, NY 10043 |

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

| 1 Name(s) | 2 Location(s) | 3 Complete Explanation(s) |
|--------------|------------------|------------------------------|
| | | |

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year? Yes [] No [X]

26.04 If yes, give full and complete information relating thereto:

| 1 Old Custodian | 2 New Custodian | 3 Date of Change | 4 Reason |
|--------------------|--------------------|---------------------|-------------|
| | | | |

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

| 1 Central Registration Depository Number(s) | 2 Name | 3 Address |
|---|-----------|--------------|
| | | |

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [] No [X]

27.2 If yes, complete the following schedule:

| 1 CUSIP # | 2 Name of Mutual Fund | 3 Book/Adjusted Carrying Value |
|-----------------|--------------------------|--------------------------------------|
| 27.2999 - Total | | 0 |

27.3 For each mutual fund listed in the table above, complete the following schedule:

| 1 Name of Mutual Fund (from above table) | 2 Name of Significant Holding of the Mutual Fund | 3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding | 4 Date of Valuation |
|---|--|---|---------------------------|
| | | | |

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

GENERAL INTERROGATORIES

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

| | 1 | 2 | 3 |
|-----------------------------|-------------------------------|------------|--|
| | Statement (Admitted) Value | Fair Value | Excess of Statement over Fair Value (-), or Fair Value over Statement (+) |
| 28.1 Bonds | 3,681,185 | 3,677,677 | (3,508) |
| 28.2 Preferred stocks | | | 0 |
| 28.3 Totals | 3,681,185 | 3,677,677 | (3,508) |

28.4 Describe the sources or methods utilized in determining the fair values:
Received from Broker

29.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

29.2 If yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

29.3 If no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

30.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

30.2 If no, list exceptions:

OTHER

31.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?\$0

31.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

| 1 | 2 |
|-------|-------------|
| Name | Amount Paid |
| | |

32.1 Amount of payments for legal expenses, if any?\$0

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

| 1 | 2 |
|-------|-------------|
| Name | Amount Paid |
| | |

33.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?\$0

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

| 1 | 2 |
|-------|-------------|
| Name | Amount Paid |
| | |

GENERAL INTERROGATORIES

PART 2 - LIFE INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U.S. business only

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding:

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5

Indicate total incurred claims on all Medicare Supplement Insurance.

\$

0

1.6

Individual policies:

Most current three years:

1.61 Total premium earned

\$

0

1.62 Total incurred claims

\$

0

1.63 Number of covered lives

0

All years prior to most current three years

1.64 Total premium earned

\$

0

1.65 Total incurred claims

\$

0

1.66 Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71 Total premium earned

\$

0

1.72 Total incurred claims

\$

0

1.73 Number of covered lives

0

All years prior to most current three years

1.74 Total premium earned

\$

0

1.75 Total incurred claims

\$

0

1.76 Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

138,200,986

2.2 Premium Denominator

138,200,985

0

2.3 Premium Ratio (2.1/2.2)

1.000

0.000

2.4 Reserve Numerator

36,437,699

0

2.5 Reserve Denominator

36,437,699

0

2.6 Reserve Ratio (2.4/2.5)

1.000

0.000

3.1

Does this reporting entity have Separate Accounts?

Yes [] No [X]

3.2

If yes, has a Separate Accounts Statement been filed with this Department?

Yes [] No [] N/A [X]

3.3

What portion of capital and surplus funds of the reporting entity covered by assets in the Separate Accounts statement, is not currently distributable from the Separate Accounts to the general account for use by the general account?

\$

3.4

State the authority under which Separate Accounts are maintained:

3.5

Was any of the reporting entity's Separate Accounts business reinsured as of December 31?

Yes [] No []

3.6

Has the reporting entity assumed by reinsurance any Separate Accounts business as of December 31?

Yes [] No []

3.7

If the reporting entity has assumed Separate Accounts business, how much, if any, reinsurance assumed receivable for reinsurance of Separate Accounts reserve expense allowances is included as a negative amount in the liability for "Transfers to Separate Accounts due or accrued (net)?"

4.1

Are personnel or facilities of this reporting entity used by another entity or entities or are personnel or facilities of another entity or entities used by this reporting entity (except for activities such as administration of jointly underwritten group contracts and joint mortality or morbidity studies)?

Yes [X] No []

4.2

Net reimbursement of such expenses between reporting entities:

4.21 Paid

\$

14,558,583

4.22 Received

\$

5.1

Does the reporting entity write any guaranteed interest contracts?

Yes [] No [X]

5.2

If yes, what amount pertaining to these lines is included in:

5.21 Page 3, Line 1

\$

5.22 Page 4, Line 1

\$

6.

FOR STOCK REPORTING ENTITIES ONLY:

6.1

Total amount paid in by stockholders as surplus funds since organization of the reporting entity:

\$

12,498,721

7.

Total dividends paid stockholders since organization of the reporting entity:

7.11 Cash

\$

0

7.12 Stock

\$

0

GENERAL INTERROGATORIES

8.1 Does the company reinsure any Workers' Compensation Carve-Out business defined as: Yes [] No [X]
Reinsurance (including retrocessional reinsurance) assumed by life and health insurers of medical, wage loss and death
benefits of the occupational illness and accident exposures, but not the employers liability exposures, of business
originally written as workers' compensation insurance.

8.2 If yes, has the reporting entity completed the Workers' Compensation Carve-Out Supplement to the Annual Statement? Yes [] No []

8.3 If 8.1 is yes, the amounts of earned premiums and claims incurred in this statement are:

| | 1 Reinsurance Assumed | 2 Reinsurance Ceded | 3 Net Retained |
|--|-----------------------------|---------------------------|----------------------|
| 8.31 Earned premium | | | 0 |
| 8.32 Paid claims | | | 0 |
| 8.33 Claim liability and reserve (beginning of year) | | | 0 |
| 8.34 Claim liability and reserve (end of year) | | | 0 |
| 8.35 Incurred claims | 0 | 0 | 0 |

8.4 If reinsurance assumed included amounts with attachment points below \$1,000,000, the distribution of the amounts reported in Lines 8.31 and 8.34 for Column (1) are:

| | Attachment Point | 1 Earned Premium | 2 Claim Liability and Reserve |
|------|---------------------|------------------------|-------------------------------------|
| 8.41 | <\$25,000 | | |
| 8.42 | \$25,000 - 99,999 | | |
| 8.43 | \$100,000 - 249,999 | | |
| 8.44 | \$250,000 - 999,999 | | |
| 8.45 | \$1,000,000 or more | | |

8.5 What portion of earned premium reported in 8.31, Column 1 was assumed from pools?\$

9.1 Does the company have variable annuities with guaranteed benefits? Yes [] No [X]

9.2 If 9.1 is yes, complete the following table for each type of guaranteed benefit.

| Type | | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|-----------------------------|------------------------------|--------------------------------|------------------------------------|---------------------------------|----------------------------|------------------------|----------------------|-------------------------------|
| 1 | 2 | Waiting Period Remaining | Account Value Related to Col. 3 | Total Related Account Values | Gross Amount of Reserve | Location of Reserve | Portion Reinsured | Reinsurance Reserve Credit |
| Guaranteed Death Benefit | Guaranteed Living Benefit | | | | | | | |
| | | | | | | | | |

10. For reporting entities having sold annuities to another insurer where the insurer purchasing the annuities has obtained a release of liability from the claimant (payee) as the result of the purchase of an annuity from the reporting entity only:
10.1 Amount of loss reserves established by these annuities during the current year?\$
10.2 List the name and location of the insurance company purchasing the annuities and the statement value on the purchase date of the annuities.

| 1 | 2 |
|------------------------------------|--|
| P&C Insurance Company And Location | Statement Value on Purchase Date of Annuities (i.e., Present Value) |
| | |

11.1 Do you act as a custodian for health savings accounts? Yes [] No [X]

11.2 If yes, please provide the amount of custodial funds held as of the reporting date.\$

11.3 Do you act as an administrator for health savings accounts? Yes [] No [X]

11.4 If yes, please provide the balance of funds administered as of the reporting date.\$

FIVE-YEAR HISTORICAL DATA

Show amounts in whole dollars only, no cents; show percentages to one decimal place, i.e. 17.6.
Show amounts of life insurance in this exhibit in thousands (omit \$000)

| | 1 2009 | 2 2008 | 3 2007 | 4 2006 | 5 2005 |
|--|-------------|-----------|-----------|-----------|-----------|
| Life Insurance in Force (Exhibit of Life Insurance) | | | | | |
| 1. Ordinary - whole life and endowment (Line 34, Col. 4) | | | | | |
| 2. Ordinary - term (Line 21, Col. 4, less Line 34, Col. 4) | 0 | 0 | 0 | | |
| 3. Credit life (Line 21, Col. 6) | | 0 | 0 | | |
| 4. Group, excluding FEGLI/SGLI (Line 21, Col. 9 less Lines 43 & 44, Col. 4) | 0 | 0 | 0 | | |
| 5. Industrial (Line 21, Col. 2) | | 0 | 0 | | |
| 6. FEGLI/SGLI (Lines 43 & 44, Col. 4) | 0 | 0 | 0 | | |
| 7. Total (Line 21, Col. 10) | 0 | 0 | 0 | 0 | 0 |
| New Business Issued (Exhibit of Life Insurance) | | | | | |
| 8. Ordinary - whole life and endowment (Line 34, Col. 2) | | | | | |
| 9. Ordinary - term (Line 2, Col. 4, less Line 34, Col. 2) | 0 | 0 | 0 | | |
| 10. Credit life (Line 2, Col. 6) | | | 0 | | |
| 11. Group (Line 2, Col. 9) | | | 0 | | |
| 12. Industrial (Line 2, Col. 2) | | | 0 | | |
| 13. Total (Line 2, Col. 10) | 0 | 0 | 0 | 0 | 0 |
| Premium Income - Lines of Business (Exhibit 1 - Part 1) | | | | | |
| 14. Industrial life (Line 20.4, Col. 2) | 0 | 0 | 0 | | |
| 15.1 Ordinary-life insurance (Line 20.4, Col. 3) | 0 | 0 | 0 | | |
| 15.2 Ordinary-individual annuities (Line 20.4, Col. 4) | 0 | 0 | 0 | | |
| 16 Credit life (group and individual) (Line 20.4, Col. 5) | 0 | 0 | 0 | | |
| 17.1 Group life insurance (Line 20.4, Col. 6) | 0 | 0 | 0 | | |
| 17.2 Group annuities (Line 20.4, Col. 7) | 0 | 0 | 0 | | |
| 18.1 A & H-group (Line 20.4, Col. 8) | 0 | 0 | 0 | | |
| 18.2 A & H-credit (group and individual) (Line 20.4, Col. 9) | 0 | 0 | 0 | | |
| 18.3 A & H-other (Line 20.4, Col. 10) | 138,200,985 | 0 | 0 | | |
| 19. Aggregate of all other lines of business (Line 20.4,Col. 11) | 0 | 0 | 0 | | |
| 20. Total | 138,200,985 | 0 | 0 | 0 | 0 |
| Balance Sheet (Pages 2 & 3) | | | | | |
| 21. Total admitted assets excluding Separate Accounts business (Page 2, Line 24, Col. 3) | 90,685,521 | 7,742,219 | 7,993,108 | | |
| 22. Total liabilities excluding Separate Accounts business (Page 3, Line 26) | 56,109,692 | 0 | 425,461 | | |
| 23. Aggregate life reserves (Page 3, Line 1) | 0 | 0 | 0 | | |
| 24. Aggregate A & H reserves (Page 3, Line 2) | 36,437,699 | 0 | 0 | | |
| 25. Deposit-type contract funds (Page 3, Line 3) | | 0 | 0 | | |
| 26. Asset valuation reserve (Page 3, Line 24.1) | 0 | 0 | 0 | | |
| 27. Capital (Page 3, Lines 29 and 30) | 2,500,000 | 2,500,000 | 2,500,000 | | |
| 28. Surplus (Page 3, Line 37) | 32,075,829 | 5,242,219 | 5,067,647 | | |
| Cash Flow (Page 5) | | | | | |
| 29. Net Cash from Operations (Line 11) | 19,376,232 | 80,409 | 85,296 | 0 | |
| Risk-Based Capital Analysis | | | | | |
| 30. Total adjusted capital | 34,575,829 | 7,693,571 | 7,567,647 | | |
| 31. Authorized control level risk - based capital | 7,288,693 | 16,123 | 20,635 | | |
| Percentage Distribution of Cash, Cash Equivalents and Invested Assets (Page 2, Col. 3) (Line No. /Page 2, Line 10, Col. 3) x 100.0 | | | | | |
| 32. Bonds (Line 1) | 1.4 | 0.0 | 50.1 | | |
| 33. Stocks (Lines 2.1 and 2.2) | 0.0 | 0.0 | 0.0 | | |
| 34. Mortgage loans on real estate(Lines 3.1 and 3.2) | 0.0 | 0.0 | 0.0 | | |
| 35. Real estate (Lines 4.1, 4.2 and 4.3) | 0.0 | 0.0 | 0.0 | | |
| 36. Cash, cash equivalents and short-term investments (Line 5) | 98.6 | 97.4 | 49.9 | | |
| 37. Contract loans (Line 6) | 0.0 | 0.0 | 0.0 | | |
| 38. Other invested assets (Line 7) | 0.0 | 0.0 | 0.0 | | |
| 39. Receivables for securities (Line 8) | 0.0 | 2.6 | 0.0 | | |
| 40. Aggregate write-ins for invested assets (Line 9) | 0.0 | 0.0 | 0.0 | | |
| 41. Cash, cash equivalents and invested assets (Line 10) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

FIVE-YEAR HISTORICAL DATA

(Continued)

| | 1 2009 | 2 2008 | 3 2007 | 4 2006 | 5 2005 |
|--|------------|-----------|-----------|-----------|-----------|
| Investments in Parent, Subsidiaries and Affiliates | | | | | |
| 42. Affiliated bonds (Schedule D Summary, Line 12, Col. 1) | 0 | | 0 | | |
| 43. Affiliated preferred stocks (Schedule D Summary, Line 18, Col. 1) | | | 0 | | |
| 44. Affiliated common stocks (Schedule D Summary Line 24, Col. 1), | | | 0 | | |
| 45. Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10) | 0 | 0 | 0 | | |
| 46. Affiliated mortgage loans on real estate | | | | | |
| 47. All other affiliated | | | | | |
| 48. Total of above Lines 42 to 47 | 0 | 0 | 0 | 0 | 0 |
| Total Nonadmitted and Admitted Assets | | | | | |
| 49. Total nonadmitted assets (Page 2, Line 26, Col. 2) .. | 6,605,223 | 0 | 0 | | |
| 50. Total admitted assets (Page 2, Line 26, Col. 3) | 90,685,521 | 7,742,219 | 7,993,108 | | |
| Investment Data | | | | | |
| 51. Net investment income (Exhibit of Net Investment Income) | 83,504 | 186,229 | 88,688 | | |
| 52. Realized capital gains (losses) | | 0 | | | |
| 53. Unrealized capital gains (losses) | 0 | 0 | | | |
| 54. Total of above Lines 51, 52 and 53 | 83,504 | 186,229 | 88,688 | 0 | 0 |
| Benefits and Reserve Increases (Page 6) | | | | | |
| 55. Total contract benefits - life (Lines 10, 11, 12, 13, 14 and 15 Col. 1, minus Lines 10, 11,12, 13, 14 and 15 Cols. 9, 10 and 11) | 0 | 0 | 0 | | |
| 56. Total contract benefits - A & H (Lines 13 & 14, Cols. 9, 10 & 11) | 58,279,297 | 0 | 0 | | |
| 57. Increase in life reserves - other than group and annuities (Line 19, Cols. 2 and 3) | 0 | 0 | 0 | | |
| 58. Increase in A & H reserves (Line 19, Cols. 9, 10 & 11) | 36,437,699 | 0 | 0 | | |
| 59. Dividends to policyholders (Line 30, Col. 1) | 0 | 0 | 0 | | |
| Operating Percentages | | | | | |
| 60. Insurance expense percent (Page 6, Col. 1, Lines 21, 22 & 23, less Line 6)/(Page 6, Col. 1, Line 1 plus Exhibit 7, Col. 2, Line 2) x 100.0 | 10.7 | 0.0 | 0.0 | | |
| 61. Lapse percent (ordinary only) [(Exhibit of Life Insurance, Col. 4, Lines 14 & 15) / 1/2 (Exhibit of Life Insurance, Col. 4, Lines 1 & 21)] x 100.0 | 0.0 | 0.0 | 0.0 | | |
| 62. A & H loss percent (Schedule H, Part 1, Lines 5 and 6, Col. 2) | 68.5 | 0.0 | 0.0 | | |
| 63. A & H cost containment percent (Schedule H, Pt. 1, Line 4, Col. 2) | 0.0 | 0.0 | | | |
| 64. A & H expense percent excluding cost conatnment expenses (Schedule H, Pt. 1, Line 10, Col. 2) | 10.8 | 0.0 | | | |
| A & H Claim Reserve Adequacy | | | | | |
| 65. Incurred losses on prior years' claims - group health (Schedule H, Part 3, Line 3.1 Col. 2) | 0 | 0 | | | |
| 66. Prior years' claim liability and reserve - group health (Schedule H, Part 3, Line 3.2 Col. 2) | | | | | |
| 67. Incurred losses on prior years' claims-health other than group (Schedule H, Part 3, Line 3.1 Col. 1 less Col. 2) | 0 | 0 | 0 | | |
| 68. Prior years' claim liability and reserve-health other than Group (Schedule H, Part 3, Line 3.2 Col. 1 less Col. 2) | 0 | 0 | 0 | | |
| Net Gains From Operations After Federal Income Taxes by Lines of Business (Page 6, Line 33) | | | | | |
| 69. Industrial life (Col. 2) | 0 | 0 | 0 | | |
| 70. Ordinary - life (Col. 3) | 0 | 0 | 0 | | |
| 71. Ordinary - individual annuities (Col. 4) | 0 | 0 | 0 | | |
| 72. Ordinary-supplementary contracts (Col. 5) | 0 | 0 | 0 | | |
| 73. Credit life (Col. 6) | 0 | 0 | 0 | | |
| 74. Group life (Col. 7) | 0 | 0 | 0 | | |
| 75. Group annuities (Col. 8) | 0 | 0 | 0 | | |
| 76. A & H-group (Col. 9) | 0 | 0 | 0 | | |
| 77. A & H-credit (Col. 10) | 0 | 0 | 0 | | |
| 78. A & H-other (Col. 11) | 17,454,491 | 145,362 | 57,647 | | |
| 79. Aggregate of all other lines of business (Col. 12) | 0 | 0 | 0 | | |
| 80. Total (Col. 1) | 17,454,491 | 145,362 | 57,647 | 0 | 0 |

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [] No []

If no, please explain:

Exhibit of Life Insurance
N O N E

Exhibit of Life Insurance - Part 2
N O N E

Exhibit of Life Insurance - Part 3
N O N E

Exhibit of Life Insurance - Part 4
N O N E

Exhibit of Life Insurance - Part 5
N O N E

Exhibit of Life Insurance - Part 6
N O N E

Exhibit of Life Insurance - Part 7
N O N E

Exhibit of Life Insurance - Policies with Disability Provisions
N O N E

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

EXHIBIT OF NUMBER OF POLICIES, CONTRACTS, CERTIFICATES, INCOME PAYABLE AND ACCOUNT VALUES IN FORCE FOR SUPPLEMENTARY CONTRACTS, ANNUITIES, ACCIDENT & HEALTH AND OTHER POLICIES

| SUPPLEMENTARY CONTRACTS | | | | |
|--------------------------------------|--------------------------------------|--|--------------------------------------|--|
| | Ordinary | | Group | |
| | 1 Involving Life Contingencies | 2 Not Involving Life Contingencies | 3 Involving Life Contingencies | 4 Not Involving Life Contingencies |
| 1. In force end of prior year | | | | |
| 2. Issued during year | | | | |
| 3. Reinsurance assumed | | | | |
| 4. Increased during year (net) | | | | |
| 5. Total (Lines 1 to 4) | | | | |
| Deductions during year: | | | | |
| 6. Decreased (net) | | | | |
| 7. Reinsurance ceded | | | | |
| 8. Totals (Lines 6 and 7) | | | | |
| 9. In force end of year | | | | |
| 10. Amount on deposit | | (a) | | (a) |
| 11. Income now payable | | | | |
| 12. Amount of income payable | (a) | (a) | (a) | (a) |

| ANNUITIES | | | | |
|--------------------------------------|----------------|---------------|----------------|-------------------|
| | Ordinary | | Group | |
| | 1 Immediate | 2 Deferred | 3 Contracts | 4 Certificates |
| 1. In force end of prior year | | | | |
| 2. Issued during year | | | | |
| 3. Reinsurance assumed | | | | |
| 4. Increased during year (net) | | | | |
| 5. Totals (Lines 1 to 4) | | | | |
| Deductions during year: | | | | |
| 6. Decreased (net) | | | | |
| 7. Reinsurance ceded | | | | |
| 8. Totals (Lines 6 and 7) | | | | |
| 9. In force end of year | | | | |
| Income now payable: | | | | |
| 10. Amount of income payable | (a) | XXX | XXX | (a) |
| Deferred fully paid: | | | | |
| 11. Account balance | XXX | (a) | XXX | (a) |
| Deferred not fully paid: | | | | |
| 12. Account balance | XXX | (a) | XXX | (a) |

| ACCIDENT AND HEALTH INSURANCE | | | | | | |
|--------------------------------------|-------------------|------------------------|---------------|------------------------|---------------|------------------------|
| | Group | | Credit | | Other | |
| | 1 Certificates | 2 Premiums in Force | 3 Policies | 4 Premiums in Force | 5 Policies | 6 Premiums in Force |
| 1. In force end of prior year | 0 | | 0 | | 0 | |
| 2. Issued during year | | | | | 314,705 | 339,435,924 |
| 3. Reinsurance assumed | | | | | | |
| 4. Increased during year (net) | | XXX | | XXX | | XXX |
| 5. Totals (Lines 1 to 4) | 0 | XXX | 0 | XXX | 314,705 | XXX |
| Deductions during year: | | | | | | |
| 6. Conversions | | XXX | XXX | XXX | XXX | XXX |
| 7. Decreased (net) | | XXX | | XXX | | XXX |
| 8. Reinsurance ceded | | XXX | | XXX | | XXX |
| 9. Totals (Lines 6 to 8) | 0 | XXX | 0 | XXX | 0 | XXX |
| 10. In force end of year | 0 | (a) | 0 | (a) | 314,705 | (a) 339,435,924 |

| DEPOSIT FUNDS AND DIVIDEND ACCUMULATIONS | | |
|--|----------------------------|--|
| | 1 | 2 |
| | Deposit Funds Contracts | Dividend Accumulations Contracts |
| 1. In force end of prior year | | |
| 2. Issued during year | | |
| 3. Reinsurance assumed | | |
| 4. Increased during year (net) | | |
| 5. Totals (Lines 1 to 4) | | |
| Deductions During Year: | | |
| 6. Decreased (net) | | |
| 7. Reinsurance ceded | | |
| 8. Totals (Lines 6 and 7) | | |
| 9. In force end of year | | |
| 10. Amount of account balance | (a) | (a) |

(a) See Paragraph 9 of the Annual Audited Financial Reports in the General section of the annual statement instructions.

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

| Allocated by States and Territories | | | | | | | | | |
|-------------------------------------|--|-----|---------------|-------------------------|------------------------|---|----------------------|---------------------------|------------------------|
| States, Etc. | | | 1 | Direct Business Only | | | | | |
| | | | | Life Contracts | | 4 | 5 | 6 | 7 |
| | | | | 2 | 3 | | | | |
| | | | Active Status | Life Insurance Premiums | Annuity Considerations | Accident and Health Insurance Premiums, Including Policy, Membership and Other Fees | Other Considerations | Total Columns 2 through 5 | Deposit-Type Contracts |
| 1. | Alabama | AL | L | | | 5,665,755 | | 5,665,755 | |
| 2. | Alaska | AK | L | | | 261,224 | | 261,224 | |
| 3. | Arizona | AZ | L | | | 137,351 | | 137,351 | |
| 4. | Arkansas | AR | L | | | 183,176 | | 183,176 | |
| 5. | California | CA | N | | | 2,412,159 | | 2,412,159 | |
| 6. | Colorado | CO | N | | | 1,881,863 | | 1,881,863 | |
| 7. | Connecticut | CT | L | | | 1,623,374 | | 1,623,374 | |
| 8. | Delaware | DE | L | | | 358,755 | | 358,755 | |
| 9. | District of Columbia | DC | L | | | 450,168 | | 450,168 | |
| 10. | Florida | FL | N | | | 524,749 | | 524,749 | |
| 11. | Georgia | GA | L | | | 429,518 | | 429,518 | |
| 12. | Hawaii | HI | L | | | 1,177,162 | | 1,177,162 | |
| 13. | Idaho | ID | N | | | 708,659 | | 708,659 | |
| 14. | Illinois | IL | L | | | 11,391,895 | | 11,391,895 | |
| 15. | Indiana | IN | L | | | 2,432,031 | | 2,432,031 | |
| 16. | Iowa | IA | L | | | 1,428,893 | | 1,428,893 | |
| 17. | Kansas | KS | L | | | 1,226,285 | | 1,226,285 | |
| 18. | Kentucky | KY | L | | | 2,117,743 | | 2,117,743 | |
| 19. | Louisiana | LA | L | | | 5,966,532 | | 5,966,532 | |
| 20. | Maine | ME | L | | | 639,647 | | 639,647 | |
| 21. | Maryland | MD | L | | | 1,895,312 | | 1,895,312 | |
| 22. | Massachusetts | MA | L | | | 4,612,533 | | 4,612,533 | |
| 23. | Michigan | MI | L | | | 5,253,358 | | 5,253,358 | |
| 24. | Minnesota | MN | L | | | 1,762,405 | | 1,762,405 | |
| 25. | Mississippi | MS | L | | | 4,750,354 | | 4,750,354 | |
| 26. | Missouri | MO | L | | | 3,503,909 | | 3,503,909 | |
| 27. | Montana | MT | L | | | 425,954 | | 425,954 | |
| 28. | Nebraska | NE | L | | | 863,996 | | 863,996 | |
| 29. | Nevada | NV | L | | | 90,797 | | 90,797 | |
| 30. | New Hampshire | NH | L | | | 863,336 | | 863,336 | |
| 31. | New Jersey | NJ | N | | | 4,760,279 | | 4,760,279 | |
| 32. | New Mexico | NM | N | | | 76,876 | | 76,876 | |
| 33. | New York | NY | L | | | 1,345,700 | | 1,345,700 | |
| 34. | North Carolina | NC | N | | | 5,185,115 | | 5,185,115 | |
| 35. | North Dakota | ND | L | | | 259,002 | | 259,002 | |
| 36. | Ohio | OH | L | | | 628,405 | | 628,405 | |
| 37. | Oklahoma | OK | L | | | 3,355,610 | | 3,355,610 | |
| 38. | Oregon | OR | N | | | 1,580,569 | | 1,580,569 | |
| 39. | Pennsylvania | PA | L | | | 460,470 | | 460,470 | |
| 40. | Rhode Island | RI | L | | | 641,855 | | 641,855 | |
| 41. | South Carolina | SC | L | | | 1,831,026 | | 1,831,026 | |
| 42. | South Dakota | SD | L | | | 347,904 | | 347,904 | |
| 43. | Tennessee | TN | L | | | 11,112,083 | | 11,112,083 | |
| 44. | Texas | TX | L | | | 30,421,416 | | 30,421,416 | |
| 45. | Utah | UT | L | | | 849,464 | | 849,464 | |
| 46. | Vermont | VT | L | | | 444,888 | | 444,888 | |
| 47. | Virginia | VA | N | | | 2,325,449 | | 2,325,449 | |
| 48. | Washington | WA | N | | | 4,425,246 | | 4,425,246 | |
| 49. | West Virginia | WV | L | | | 112,190 | | 112,190 | |
| 50. | Wisconsin | WI | L | | | 2,772,557 | | 2,772,557 | |
| 51. | Wyoming | WY | N | | | 199,674 | | 199,674 | |
| 52. | American Samoa | AS | N | | | | | 0 | |
| 53. | Guam | GU | N | | | 602 | | 602 | |
| 54. | Puerto Rico | PR | N | | | 25,375 | | 25,375 | |
| 55. | U.S. Virgin Islands | VI | N | | | 338 | | 338 | |
| 56. | Northern Mariana Islands | MP | N | | | | | 0 | |
| 57. | Canada | CN | N | | | | | 0 | |
| 58. | Aggregate Other Aliens | OT | XXX | 0 | 0 | 0 | 0 | 0 | 0 |
| 59. | Subtotal | (a) | 40 | 0 | 0 | 138,200,986 | 0 | 138,200,986 | 0 |
| 90. | Reporting entity contributions for employee benefits plans | XXX | | | | 0 | | 0 | |
| 91. | Dividends or refunds applied to purchase paid-up additions and annuities | XXX | | | | | | 0 | |
| 92. | Dividends or refunds applied to shorten endowment or premium paying period | XXX | | | | | | 0 | |
| 93. | Premium or annuity considerations waived under disability or other contract provisions | XXX | | | | | | 0 | |
| 94. | Aggregate or other amounts not allocable by State | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 95. | Totals (Direct Business) | XXX | 0 | 0 | 0 | 138,200,986 | 0 | 138,200,986 | 0 |
| 96. | Plus reinsurance assumed | XXX | | | | | | 0 | |
| 97. | Totals (All Business) | XXX | 0 | 0 | 0 | 138,200,986 | 0 | 138,200,986 | 0 |
| 98. | Less reinsurance ceded | XXX | | | | | | 0 | |
| 99. | Totals (All Business) less Reinsurance Ceded | XXX | 0 | 0 | (b) | 138,200,986 | 0 | 138,200,986 | 0 |
| DETAILS OF WRITE-INS | | | | | | | | | |
| 5801. | ..... | XXX | | | | | | | |
| 5802. | ..... | XXX | | | | | | | |
| 5803. | ..... | XXX | | | | | | | |
| 5898. | Summary of remaining write-ins for Line 58 from overflow page | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 5899. | Totals (Lines 5801 through 5803 plus 5898)(Line 58 above) | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9401. | ..... | XXX | | | | | | | |
| 9402. | ..... | XXX | | | | | | | |
| 9403. | ..... | XXX | | | | | | | |
| 9498. | Summary of remaining write-ins for Line 94 from overflow page | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 9499. | Totals (Lines 9401 through 9403 plus 9498)(Line 94 above) | XXX | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Explanation of basis of allocation by states, etc., of premiums and annuity considerations

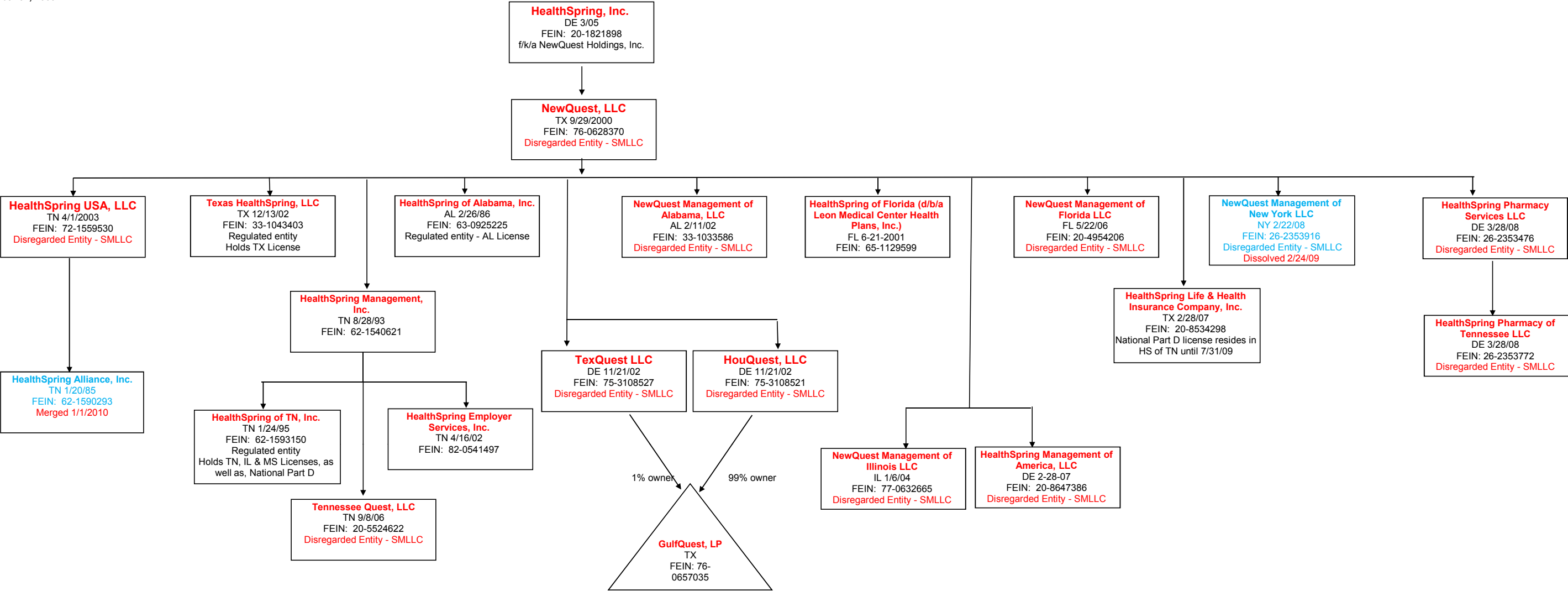
Premiums allocated based upon database PTD basic premium and direct subsidy collections.

(a) Insert the number of L responses except for Canada and Other Alien.

(b) Column 4 should balance with Exhibit 1, Lines 6.4, 10.4, and 16.4, Cols. 8, 9, 10, or with Schedule H, Part 1, Line 1, indicate which: Schedule H, Part 1, Line 1.....

ANNUAL STATEMENT FOR THE YEAR 2009 OF THE HealthSpring Life & Health Insurance Company, Inc.

HealthSpring, Inc. & Subsidiaries
As of December 31, 2009



OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

Analysis of Increase in Reserves During The Year 7

Analysis of Operations By Lines of Business 6

Asset Valuation Reserve Default Component 30

Asset Valuation Reserve Equity 32

Asset Valuation Reserve Replications (Synthetic) Assets 35

Asset Valuation Reserve 29

Assets 2

Cash Flow 5

Exhibit 1 - Part 1 - Premiums and Annuity Considerations for Life and Accident and Health Contracts 9

Exhibit 1 - Part 2 - Dividends and Coupons Applied, Reinsurance Commissions and Expense 10

Exhibit 2 - General Expenses 11

Exhibit 3 - Taxes, Licenses and Fees (Excluding Federal Income Taxes) 11

Exhibit 4 - Dividends or Refunds 11

Exhibit 5 - Aggregate Reserve for Life Contracts 12

Exhibit 5 - Interrogatories 13

Exhibit 5A - Changes in Bases of Valuation During The Year 13

Exhibit 6 - Aggregate Reserves for Accident and Health Contracts 14

Exhibit 7 - Deposit-Type Contracts 15

Exhibit 8 - Claims for Life and Accident and Health Contracts - Part 1 16

Exhibit 8 - Claims for Life and Accident and Health Contracts - Part 2 17

Exhibit of Capital Gains (Losses) 8

Exhibit of Life Insurance 25

Exhibit of Net Investment Income 8

Exhibit of Nonadmitted Assets 18

Exhibit of Number of Policies, Contracts, Certificates, Income Payable and Account Values 27

Five-Year Historical Data 22

Form for Calculating the Interest Maintenance Reserve (IMR) 28

General Interrogatories 20

Jurat Page 1

Liabilities, Surplus and Other Funds 3

Life Insurance (State Page) 24

Notes To Financial Statements 19

Overflow Page For Write-ins 53

Schedule A - Part 1 E01

Schedule A - Part 2 E02

Schedule A - Part 3 E03

Schedule A - Verification Between Years SI02

Schedule B - Part 1 E04

Schedule B - Part 2 E05

Schedule B - Part 3 E06

Schedule B - Verification Between Years SI02

Schedule BA - Part 1 E07

Schedule BA - Part 2 E08

Schedule BA - Part 3 E09

Schedule BA - Verification Between Years SI03

Schedule D - Part 1 E10

Schedule D - Part 1A - Section 1 SI05

Schedule D - Part 1A - Section 2 SI08

Schedule D - Part 2 - Section 1 E11

Schedule D - Part 2 - Section 2 E12

Schedule D - Part 3 E13

Schedule D - Part 4 E14

Schedule D - Part 5 E15

Schedule D - Part 6 - Section 1 E16

Schedule D - Part 6 - Section 2 E16

Schedule D - Summary By Country SI04

Schedule D - Verification Between Years SI03

Schedule DA - Part 1 E17

Schedule DA - Verification Between Years SI11

ANNUAL STATEMENT BLANK (Continued)

| | |
|--|------|
| Schedule DB - Part A - Section 1 | E18 |
| Schedule DB - Part A - Section 2 | E18 |
| Schedule DB - Part A - Section 3 | E19 |
| Schedule DB - Part A - Verification Between Years | SI12 |
| Schedule DB - Part B - Section 1 | E19 |
| Schedule DB - Part B - Section 2 | E20 |
| Schedule DB - Part B - Section 3 | E20 |
| Schedule DB - Part B - Verification Between Years | SI12 |
| Schedule DB - Part C - Section 1 | E21 |
| Schedule DB - Part C - Section 2 | E21 |
| Schedule DB - Part C - Section 3 | E22 |
| Schedule DB - Part C - Verification Between Years | SI13 |
| Schedule DB - Part D - Section 1 | E22 |
| Schedule DB - Part D - Section 2 | E23 |
| Schedule DB - Part D - Section 3 | E23 |
| Schedule DB - Part D - Verification Between Years | SI13 |
| Schedule DB - Part E - Section 1 | E24 |
| Schedule DB - Part E - Verification Between Years | SI13 |
| Schedule DB - Part F - Section 1 | SI14 |
| Schedule DB - Part F - Section 2 | SI15 |
| Schedule E - Part 1 - Cash | E25 |
| Schedule E - Part 2 - Cash Equivalents | E26 |
| Schedule E - Part 3 - Special Deposits | E27 |
| Schedule E - Verification Between Years | SI16 |
| Schedule F | 36 |
| Schedule H - Accident and Health Exhibit - Part 1 | 37 |
| Schedule H - Part 2, Part 3 and Part 4 | 38 |
| Schedule H - Part 5 - Health Claims | 39 |
| Schedule S - Part 1 - Section 1 | 40 |
| Schedule S - Part 1 - Section 2 | 41 |
| Schedule S - Part 2 | 42 |
| Schedule S - Part 3 - Section 1 | 43 |
| Schedule S - Part 3 - Section 2 | 44 |
| Schedule S - Part 4 | 45 |
| Schedule S - Part 5 | 46 |
| Schedule S - Part 6 | 47 |
| Schedule T - Part 2 Interstate Compact | 49 |
| Schedule T - Premiums and Annuity Considerations | 48 |
| Schedule Y - Information Concerning Activities of Insurer Members of a Holding Company Group | 50 |
| Schedule Y - Part 2 - Summary of Insurer’s Transactions With Any Affiliates | 51 |
| Summary Investment Schedule | SI01 |
| Summary of Operations | 4 |
| Supplemental Exhibits and Schedules Interrogatories | 52 |